Hiram Walker Resources Ltd.

HIRAM WALKER RESOURCES LTD.

Annual Report 1983

BY APPOINTMENT TO THE LATE QUEEN VICTORIA 1898-1901
BY APPOINTMENT TO THE LATE KING EDWARD VII 1901-1910
ESTABLISHED 1858
HIRAM WALKER & SONS LIMITED
DISTILLERS OF "CANADIAN CLUB" WHISKY
"Canadian Club"
C.C.
Canadian Whisky Canadien
Distilled and Bottled in Bond under
Hiram Walker & Sons,
Limited
Walkerville, Ontario, Canada.
TRADEMARKS AND LABEL STYLE REGISTERED
710 mL
40% alc./vol

AR14

HIRAM WALKER RESOURCES LTD.

1 First Canadian Place, Suite 600 P.O. Box 33 Toronto, Ontario M5X 1A9

December 16, 1983

To the Shareholders of
Hiram Walker Resources Ltd.

We are pleased to invite you to be with us for the Annual and Special Meeting of Shareholders of Hiram Walker Resources Ltd. to be held in the Canadian Room of the Royal York Hotel, 100 Front Street West, Toronto, Ontario, on Wednesday, February 1, 1984, at 11:00 a.m.

The items of business to be considered at this meeting are listed in the Notice of Meeting and are more fully described in the Management Information Circular and Proxy Statement contained in the following pages.

We hope you will attend this meeting. Whether or not you are personally able to attend, you are requested to sign, date and return your proxy as soon as conveniently possible. It is important that your shares be represented at the meeting, regardless of the number you hold.

Yours truly,

H. Clifford Hatch

H. CLIFFORD HATCH
Chairman

W. P. Wilder

W. P. WILDER
Deputy Chairman

HIRAM WALKER RESOURCES LTD.

1 First Canadian Place, Suite 600 P.O. Box 33 Toronto, Ontario M5X 1A9

Notice of Meeting of Holders of Common Shares, 7½% Voting Preference Shares and Second Series Class D Shares

Notice is hereby given that the Annual and Special Meeting of the holders of Common Shares ("Common Shares"), 7½% Cumulative Convertible Redeemable Voting Preference Shares Class D, First Series ("7½% Voting Preference Shares") and Class D Preference Shares, Second Series ("Second Series Class D Shares") of Hiram Walker Resources Ltd. (the "Company") will be held in the Canadian Room of the Royal York Hotel, 100 Front Street West, Toronto, Ontario, on Wednesday, February 1, 1984, at the hour of 11:00 o'clock a.m. for the following purposes:

(i) to receive the Consolidated Financial Statements of Hiram Walker Resources Ltd. for the year ended September 30, 1983 and the Auditors' Report on the Financial Statements;

(ii) to consider, and if thought fit, to pass a special resolution of the Company amending the Articles of Incorporation;

(iii) to consider, and if thought fit, to confirm a new by-law of the Company relating generally to the business and affairs of the Company;

(iv) to consider, and if thought fit, to pass a special resolution of the Company providing for the number of directors to be elected at the meeting, and authorizing the directors to fix the number of directors to be elected at future annual meetings;

(v) to elect directors to serve for the ensuing year;

(vi) to appoint auditors and to authorize the directors to fix their remuneration; and

(vii) to transact such further other business as may properly come before the meeting or any adjournment or adjournments thereof.

Shareholders are invited to attend the meeting. Only shareholders of record at the close of business on December 16, 1983, will be entitled to vote at the meeting except to the extent that a person has transferred any shares after that date and the new holder of such shares establishes proper ownership and requests not later than January 20, 1984, to be included in the list of shareholders for the meeting.

A Management Information Circular and Proxy Statement accompanies this Notice of Meeting.

Dated at Toronto this 16th day of December, 1983.

By Order of the Board,

E. W. H. TREMAIN
Vice President and Secretary

Note:

A form of proxy is enclosed. Shareholders are requested to date, sign and return the enclosed form of proxy for use at the meeting whether or not they are personally able to attend. **To be effective, proxies must be received before 9:30 o'clock a.m. Toronto time on February 1, 1984, by Canada Permanent Trust Company, 20 Eglinton Avenue West, Toronto, Ontario, M4R 2E2, or be presented at the meeting.**

HIRAM WALKER RESOURCES LTD.

1 First Canadian Place, Suite 600 P.O. Box 33 Toronto, Ontario M5X 1A9

Management Information Circular and Proxy Statement

GENERAL INFORMATION

This Management Information Circular and Proxy Statement (the "Circular") is furnished in connection with the solicitation of proxies by and on behalf of the Management of HIRAM WALKER RESOURCES LTD. for use at the Annual and Special Meeting of Shareholders (the "Meeting") of the Company to be held on Wednesday, February 1, 1984, for the purposes set out in the accompanying Notice of Meeting. Except as otherwise stated, the information contained herein is given as of December 1, 1983. It is anticipated that copies of the Circular will be distributed to shareholders on or before December 31, 1983.

The solicitation will be primarily by mail but proxies may also be solicited personally or by telephone by employees of the Company or by such agents as the Company may appoint. The cost of solicitation will be borne by the Company.

To be effective, proxies must be received by Canada Permanent Trust Company before the time specified in the Notice of Meeting.

The Annual Report of the Company for the fiscal year ended September 30, 1983, including financial statements, accompanies this Circular, and such financial statements are incorporated herein by reference.

No person is authorized to give any information or to make any representations other than those contained in this Circular and, if given or made, such information must not be relied upon as having been authorized.

In this Circular, Hiram Walker Resources Ltd. is sometimes referred to as the Company; Hiram Walker-Gooderham & Worts Limited is sometimes referred to as HW-GW; Home Oil Company Limited is sometimes referred to as Home; The Consumers' Gas Company Ltd. is sometimes referred to as Consumers' and Interprovincial Pipe Line Limited is sometimes referred to as Interprovincial. HW-GW, Home and Consumers' are all subsidiaries of the Company.

MATTERS OF PARTICULAR INTEREST TO UNITED STATES SHAREHOLDERS

This Management Information Circular and Proxy Statement is furnished in connection with the solicitation of proxies on behalf of the Board of Directors of Hiram Walker Resources Ltd.

Exchange Rates for Canadian Dollars

All dollar amounts in this document are expressed in Canadian dollars, unless otherwise stated. The exchange rate between the Canadian (Cdn.) dollar and the United States (U.S.) dollar is not fixed. The high and low noon day rates for the Canadian dollar as reported by the Canadian Bankers' Association for the year ended September 30, 1983 were $0.8205 and $0.8033 U.S. ($1 U.S. equals $1.2187 Cdn. and $1 U.S. equals $1.2448 Cdn., respectively) and for the period October 1, 1983 to December 1, 1983 were $0.8133 and $0.8053 U.S. ($1 U.S. equals $1.2295 Cdn. and $1 U.S. equals $1.2418 Cdn., respectively). On December 1, 1983, the exchange rate was $0.8066 U.S. ($1 U.S. equals $1.2398 Cdn.).

MANAGEMENT INFORMATION CIRCULAR AND PROXY STATEMENT

Table of Contents

APPOINTMENT OF PROXY AND DISCRETIONARY AUTHORITY

A shareholder has the right to appoint a person (who need not be a shareholder of the Company), other than persons designated in the form of proxy accompanying this Circular, as nominee to attend and act for and on behalf of such shareholder at the Meeting and may exercise such right by inserting the name of such person in the blank space provided in the proxy form. If a shareholder appoints a person designated in the form of proxy as nominee and does not direct the said nominee to vote either in favour of, or against, or abstain on, a matter or matters with respect to which an opportunity to specify how the shares registered in the name of such shareholder shall be voted, the proxy shall be voted in favour of such matter or matters.

The enclosed proxy confers discretionary authority upon the proxy nominees with respect to amendments or variations to the matters identified in the Notice of Meeting and other matters which may properly come before the Meeting.

The shares represented by proxy at the Meeting will be voted or withheld from voting in accordance with the instructions of the shareholder on any ballot that may be called for and, where the person whose proxy is solicited specified a choice with respect to any matter to be voted upon, the shares shall be voted in accordance with the specifications so made.

Management knows of no matters to come before the Meeting other than the matters referred to in the accompanying Notice of Meeting. However, if any other matters which are not now known to Management should properly come before the Meeting, the shares represented by proxies in favour of Management nominees will be voted on such matters in accordance with the best judgement of the proxy nominee.

REVOCABILITY OF PROXY

Proxies given by shareholders may be revoked at any time prior to their use by instrument in writing executed by the shareholder or by his attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized, and deposited either at the Head Office of the Company at any time up to and including 5:00 o'clock p.m. on the last business day preceding the day of the Meeting or any adjournment thereof, or with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof, or in any other manner permitted by law, including, without limitation, personal attendance at the Meeting.

VOTING SHARES

On December 1, 1983, 70,793,833 Common Shares ("Common Shares"), 13,899,786 7½% Cumulative Convertible Redeemable Voting Preference Shares Class D, First Series, ("7½% Voting Preference Shares") and 13,600,000 Class D Preference Shares, Second Series ("Second Series Class D Shares") of the Company were outstanding. The Common Shares, 7½% Voting Preference Shares and Second Series Class D Shares entitle the holders of record thereof on December 16, 1983, to one vote per share at the Annual and Special Meeting except to the extent that a person has transferred any shares after the record date and the new holder of such shares establishes proper ownership and requests not later than January 20, 1984, to be included in the list of shareholders for the meeting.

Interprovincial Pipe Line Limited, Post Office Box 48, 1 First Canadian Place, Toronto, Ontario, M5X 1A9 beneficially owns all 13,600,000 Second Series Class D Shares outstanding which represent 13.8 percent of the voting shares presently outstanding. (The Company owns 34 percent of Interprovincial.)

Olympia & York Developments Limited, Post Office Box 20, 32nd Floor, 1 First Canadian Place, Toronto, Ontario, M5X 1B5 and its affiliates (collectively "Olympia & York") beneficially own 6,516,500 Common Shares (which represent 9.2 percent of the Common Shares outstanding), 130,500 call options to purchase Common Shares (which represent 0.2 percent of the Common Shares outstanding), 200,000 9½% Cumulative Convertible Redeemable Preference Shares Class B, First Series (which represent 5.0 percent of such shares outstanding) and 169,350 Warrants to purchase Common Shares (which represent 8.3 percent of the Warrants outstanding). Assuming full conversion of the Olympia & York holdings into Common Shares, its ownership would total 6,975,080 Common Shares which would represent 7.1 percent of the voting shares presently outstanding. Olympia & York has stated that it has sole voting power over these shares and has indicated that these shares were acquired for investment purposes.

Caisse de dépôt et placement du Québec, ("Caisse") 1981, Avenue McGill College, Montreal, (Quebec) H3A 3C7 beneficially owns 4,005,384 Common Shares (which represent 5.7 percent of the Common Shares outstanding and 4.1 percent of the voting shares presently outstanding). Caisse has stated that these shares were acquired for investment purposes.

To the knowledge of the directors and officers of the Company, no other person owns or exercises control or direction over voting securities of the Company carrying more than 5 percent of the votes attached to such securities.

PARTICULARS OF MATTERS TO BE ACTED UPON AT THE MEETING

Amendment of Articles

On July 29, 1983, the Business Corporations Act, 1982 (the "Act") became effective in Ontario. The Act applies automatically to all business corporations incorporated in Ontario, including the Company. The enactment of this new legislation makes it desirable to amend certain provisions of the Articles of the Company. In particular, it is now possible to provide for a minimum and maximum number of directors, rather than a fixed number. This will permit flexibility from year to year in fixing the number of directors who will be elected at each annual meeting. Management has determined that an appropriate minimum and maximum number of directors is 10 and 30, respectively.

The Act also provides that, unless restricted by its Articles, a corporation has the powers of a natural person. It is no longer necessary to set out objects of a corporation in its articles and to restrict the activities of that corporation to those objects. Accordingly, Management is of the view that it is appropriate to delete the objects from the Articles at this time, to enable the Company to enjoy the maximum flexibility with respect to its activities contemplated by the Act.

Management also proposes to delete from the Articles of the Company the provision granting to the Company the ability to repurchase its common shares, as such repurchases are now specifically permitted by the Act, unless restricted by the Articles.

The following special resolution effects the changes to the Articles set forth above. This special resolution must be passed, with or without amendment, by at least two-thirds of the votes cast at the meeting.

"RESOLVED as a special resolution that the articles of the Company be amended as follows:

1. to provide that the Company shall have a minimum of 10 directors and a maximum of 30 directors;
2. to delete in their entirety the objects of the Company; and
3. to delete the reference in the Articles to the ability of the Company to repurchase its common shares."

By-Law No. 1

The enactment of the Act has also necessitated changes to the Company's general by-law which regulates the business and affairs of the Company. Many provisions of the former By-Law No. 5 were inconsistent with the new provisions of the Act. Accordingly, on November 16, 1983, the directors enacted a new By-law regulating the business and affairs of the Company. This new By-law, attached to this Management Information Circular and Proxy Statement as Schedule A is designated as By-law No. 1 of the Company, and repeals all former By-laws of the Company, which are now either redundant or inconsistent with the Act. Furthermore, in addition to indemnification previously permitted officers and directors under the Act and the Company's By-law, indemnification is now permitted in instances where the officer or director acted honestly and in good faith as more fully described in Section 6.01 of By-Law No. 1 attached as Schedule A. To be effective, By-law No. 1 must be confirmed by a majority of the votes cast at the meeting.

Special Resolution with Respect to the Number of Directors

The Act provides that where a corporation has a minimum and maximum number of directors, the number of directors of the corporation and the number of directors to be elected at each annual meeting shall be such number as shall be determined from time to time by the shareholders by special resolution, or, if the special resolution empowers the directors to determine the number, by resolution of the directors. The following special resolution determines the number of directors to be elected at this meeting to be 19 directors, and empowers the directors to determine the number of directors to be elected at each subsequent annual meeting. This special resolution must be passed, with or without amendment, by at least two-thirds of the votes cast at the meeting.

"RESOLVED as a special resolution as follows:

1. the number of directors of the corporation and the number of directors to be elected at the Annual and Special Meeting held February 1, 1984 shall be 19 directors; and
2. the directors are hereby empowered to determine in advance of each future Annual Meeting, the number of directors of the corporation and the number of directors to be elected at each Annual Meeting."

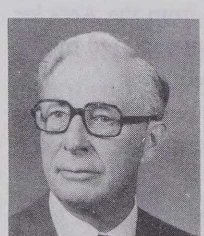
Election of Directors

The 19 persons whose names are set out below are nominated for election as directors of the Company to serve until the next Annual Meeting of Shareholders or until their successors are elected or appointed. Shares represented by proxies in favour of Management nominees will be voted in favour of the election of such persons. In the event that any vacancies occur in the slate of such nominees, the discretionary authority conferred by the proxies appointing Management nominees will be exercised to vote such proxies for the election of any other person or persons nominated by Management. The Company, however, does not anticipate any such occurrence.

Nominees for Election as Directors

The following are the nominees for election as directors of the Company.(1)

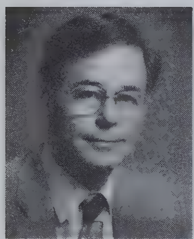
Securities of the Company(2)



RICHARD E. CROSS: Director
Company director since 1981; HW-GW director since 1959;
Age 73.
Counsel to the law firm of Cross, Wrock, Miller & Vieson, for more than five years.

Common Shares 2,750

Securities of the Company(2)



ALFRED E. DOWNING: Director and Executive Vice President (3)(5)
Company director since 1981; HW-GW director since 1971;
Age 60.
President of HW-GW for more than five years.

Common Shares 49,096

CHARLES T. FISHER, III; Director
Company director since 1981; HW-GW director since 1967;
Age 54.
Chairman and President of National Bank of Detroit since 1982 and President for more than four years prior thereto.

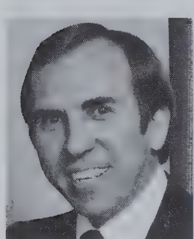
Common Shares 550

W. DOUGLAS H. GARDINER:
Age 66.
President of W.D.H.G. Financial Associates Ltd. (financial consulting) since 1980;
Vice-Chairman, The Royal Bank of Canada for more than two years prior thereto.

Nil

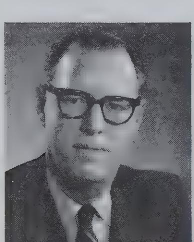
GORDON C. GRAY: Director
Company director since 1981, Consumers' director from 1978 to 1982;
Age 56.
Chairman and Chief Executive Officer of A. E. LePage Limited (real estate) since 1979 and President for more than one year prior thereto.

7-½% Voting Preference Shares 2,500



RICHARD F. HASKAYNE: Director and Executive Vice President (3)(4)
Company director since 1982;
Age 48.
President of Home since 1982; President of Hudson's Bay Oil and Gas Company Limited from 1980 to 1981 and associated with such company for more than two years prior thereto.

Common Shares 19,103



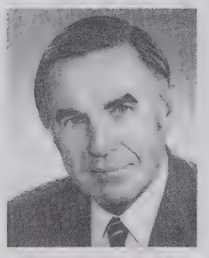
H. CLIFFORD HATCH: Director, Chairman, President and Chief Executive Officer(3)(4)
Company director since 1981; HW-GW director since 1946;
Age 67.
President and Chief Executive Officer since 1982; Chairman since 1980; Chairman of HW-GW for more than two years prior thereto.

Common Shares 391,175

Securities of the Company(2)

H. CLIFFORD HATCH, JR.: Director and Executive Vice President(3)(4)(5)
Company director since 1981; HW-GW director since 1980;
Age 41.
Vice President of HW-GW since 1979; and President of Corby Distilleries Limited, a partly-owned subsidiary of HW-GW, for more than one year prior thereto.

Common Shares 29,781



ROBERT S. HURLBUT: Director,
Company director since 1981; Consumers' director since 1976;
Age 59.
Chairman and President of General Foods, Inc. (food processing) for more than five years.

Nil

HENRY N. R. JACKMAN: Director(4)(6)
Company director since 1981;
Home director during 1979;
Age 51.
Chairman of The Empire Life Insurance Company for more than five years.

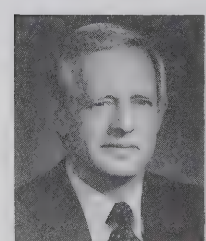
Common Shares 144,000
14.16% Preference Shares 24,000
9½% Convertible Preference Shares 32,000
9% Convertible Preference Shares 19,200
7½% Voting Preference Shares 155,600
Warrants to purchase Common Shares 16,000

ALLEN T. LAMBERT: Director(3)
Company director since 1981; HW-GW director since 1969;
Age 71.
Chairman of Trilon Financial Corporation (financial services) since 1982; and a Corporate Director for more than four years prior thereto.

Common Shares 19,117

PETER L. P. MACDONNELL, Q.C.: Director
Company director since 1981;
Home director from 1975 to 1979;
Age 64.
Partner in the law firm of Milner & Steer for more than five years.

Nil



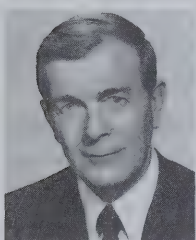
ROBERT W. MARTIN: Executive Vice-President(6)
Company director from 1981 to 1982
Age 47.
President of Consumers' since 1981 and associated with Consumers' for more than three years prior thereto.

Common Shares 3,674

Securities of the Company(2)

EDMOND G. ODETTE: Director (3)(4)
Company director since 1981; HW-GW director since 1978;
Age 57.
President of Eastern Construction Company Limited for more than five years.

Common Shares 47,299
9% Convertible Preference Shares 5,000

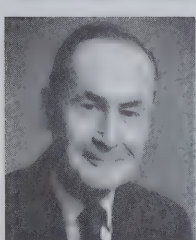


STANLEY G. OLSON: Director
Company director since 1981;
Age 65.
Corporate director since 1980; Senior Advisor to the Deputy Chairman of Conoco Inc. (diversified oil and gas company) during 1980; and President and Chief Executive Officer of Hudson's Bay Oil and Gas Company Limited for more than two years prior thereto.

Common Shares 100

JOHN T. SAPIENZA: Director
Company director since 1981; HW-GW director since 1971;
Age 70.
Partner in the law firm of Covington & Burling for more than five years.

Common Shares 4,125

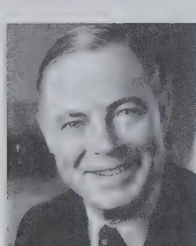


ROBERT C. SCRIVENER: Director (6)
Company director since 1981; HW-GW director since 1975;
Age 68.
Corporate director since 1979; and Chairman of Northern Telecom Limited for more than one year prior thereto.

Common Shares 550

NOAH TORNO, M.B.E.: Director (3)
Company director since 1981; Consumers' director from 1963 to 1983;
Age 73.
Corporate Director since 1979; Chairman of Cygnus Corporation Limited during 1979; and Chairman and Chief Executive Officer of Jordan & Ste-Michelle Holdings Limited (wine merchants) for more than one year prior thereto.

Common Shares 10,000
9% Convertible Preference Shares 2,500



WILLIAM P. WILDER: Director and Deputy Chairman(4)(6)
Company director since 1981; Consumers' director since 1979;
Age 61.
Deputy Chairman since 1982; President and Chief Executive Officer from 1979 to 1982; and Executive Vice President of Gulf Canada Ltd. (integrated oil and gas company) for more than one year prior thereto.

Common Shares 60,889
7½% Voting Preference Shares 32,600

All directors, nominees for election as directors, and officers as a group (of which there are 25) and their associates hold 831,004 (1.2 percent of the outstanding) Common Shares, 24,000 (1.2 percent of the outstanding) 14.16% Preference Shares, 32,000 (0.8 percent of the outstanding) 9½% Convertible Preference Shares, 26,700 (5.1 percent of the outstanding) 9% Convertible Preference Shares, 188,224 (1.4 percent of the outstanding) 7½% Voting Preference Shares and 16,000 (0.8 percent of the outstanding) Warrants to purchase Common Shares of the Company.(2)(3)(4)(5)(6).

No director or officer of the Company with the exception of Mr. Jackman as indicated in Note (4) below, owns beneficially more than 1% of any class of outstanding equity securities or voting securities of the Company, or of any subsidiary of the Company.

(1) All such persons are Canadian citizens with the exception of Messrs. Cross, Fisher, Olson and Sapienza who are citizens of the United States. Mr. Hatch is the father of Mr. Hatch, Jr.

(2) The above table includes shares of each class and warrants as to which the nominee exercises, as of September 30, 1983, sole or shared voting or dispositive power either directly or through companies or foundations of which they are directors and officers, and options to purchase shares of the Company exercisable within 60 days, as reported to the Company by each nominee.

(3) The above table includes securities of the Company owned beneficially by or for the benefit of members of the families (in which case beneficial ownership may have been disclaimed) of directors and officers, as follows: Mr. Downing – 55 Common Shares; Mr. Haskayne – 1,000 Common Shares; Mr. Hatch, – 20,000 Common Shares; Mr. Hatch, Jr. – 310 Common Shares; Mr. Lambert – 6,600 Common Shares; Mr. Odette – 4,549 Common Shares and 2,500 9% Convertible Preference Shares; Mr. Torno – 2,500 9% Convertible Preference Shares; All directors, nominees for election as directors, and officers as a group – 47,405 Common Shares, 5,000 9% Convertible Preference Shares and 24 7½% Voting Preference Shares.

(4) The above table includes securities of the Company owned by companies, foundations or trusts of which the following persons are directors, officers, owners (to varying degrees), trustees and/or beneficiaries: Mr. Haskayne – 1,000 Common Shares; Mr. Hatch, – 354,675 Common Shares; Mr. Hatch, Jr. – 27,500 Common Shares; Mr. Jackman – 144,000 Common Shares, 24,000 14.16% Preference Shares (1.2 percent of the outstanding), 32,000 9½% Convertible Preference Shares, 19,200 9% Convertible Preference Shares (3.6 percent of the outstanding), 155,600 7½% Voting Preference Shares (1.1 percent of the outstanding) and 16,000 Warrants to purchase Common Shares; Mr. Odette – 27,750 Common Shares; Mr. Wilder – 18,500 Common Shares and 32,600 7½% Voting Preference Shares; All directors, nominees for election as directors, and officers as a group – 573,725 Common Shares, 24,000 14.16% Preference Shares, 32,000 9½% Convertible Preference Shares, 19,200 9% Convertible Preference Shares, 188,200 7½% Voting Preference Shares and 16,000 Warrants to purchase Common Shares.

(5) Voting common shares of Corby Distilleries Limited, a partially-owned subsidiary of the Company, are beneficially owned by the following or by members of their families: Mr. Downing – 200; Mr. Hatch, Jr. – 1,089; All directors, nominees for election as directors, and officers as a group – 1,289.

(6) Equity securities of The Consumers' Gas Company Ltd., a partially-owned subsidiary of the Company, are beneficially owned by the following: a company of which Mr. Jackman is a director – 52,100 13¼% Preference Shares; Mr. Martin – 528 Common Shares, 300 Warrants to purchase Common Shares and 12,000 8½% Preferred Shares; Mr. Scrivener – 200 Common Shares; Mr. Wilder – 1,000 Common Shares; All directors, nominees for election as directors, and officers as a group – 2,228 Common Shares, 52,100 13¼% Preference Shares, 300 9¼% Preference Shares, 12,000 8½% Preference Shares and 300 Warrants to purchase Common Shares.

None of the directors listed above holds directorships in any company other than a subsidiary of the Company, with a class of securities registered pursuant to Section 12 of the United States Securities Exchange Act of 1934 or which is subject to the requirements of Section 15(d) of such Act or which is registered as an investment company under the United States Investment Company Act of 1940, except as follows:

Name of Director	Name of Companies in which such Directorship held
Mr. Downing	Interprovincial
Mr. Fisher	(American Airlines) AMR Corp., The Detroit Edison Company, General Motors Corporation, and NBD Bancorp, Inc.
Mr. Gardiner	Interprovincial
Mr. Gray	Rio Algom Limited, McDonald's Corporation and Rogers Cable Systems Inc.
Mr. Haskayne	The Manufacturers Life Insurance Company and Interprovincial
Mr. Hatch	Bell Canada Enterprises Inc. and Interprovincial
Mr. Hurlbut	Northern Telecom Limited and Rio Algom Limited
Mr. Jackman	TransOhio Financial Corporation Inc. and Massey Ferguson Ltd.
Mr. Lambert	Dome Mines Limited, Dome Petroleum Ltd., Hudson's Bay Mining and Smelting Co. Ltd. and Inspiration Resources Corporation
Mr. Macdonnell	IU International Corporation and Echo Bay Mines Ltd.
Mr. Sapienza	Wyman-Gordon Company
Mr. Scrivener	Northern Telecom Ltd., United States Steel Corp., Caterpillar Tractor Co. and Commerce Union Corp.

Remuneration of Directors for Attendance at Board and Committee Meetings

The Company pays directors' fees in the amount of $5,000 annually per director. A director is paid a meeting fee of $400 for each meeting of the Board or a committee thereof attended by him and is compensated for his incidental out-of-pocket expenses. Directors who were, prior to April 9, 1980, directors of HW-GW have waived their entitlement to the above directors' fees and are paid $15,000 per annum by HW-GW. A non-employee director is paid in addition $1,500 annually as a member of the Executive Committee or the Audit Committee and in addition $1,000 annually as a member of any other committee appointed by the Board of Directors. A director is paid in addition $500 as Chairman of any such committee. All such amounts are paid in Canadian dollars to directors who are Canadian residents and in United States dollars to directors who are residents of the United States.

Board and Committees

The Executive Committee comprises Messrs. Hatch, Gray, Lambert, Olson, Torno and Wilder. The Executive Committee held six meetings during the fiscal year ended September 30, 1983. Between meetings of the Board, the Executive Committee exercises all the powers of the Board, except such powers as by law must be exercised by the Board itself. The Executive Committee also acts as the Nominating Committee of the Board. In this role as Nominating Committee, the Executive Committee considers, for election as director, nominees recommended by members of the Board and nominees recommended by the shareholders upon such shareholder's written request submitted in a timely manner to the Company at its head office. In addition, the Executive Committee makes recommendations with regard to the renomination of directors previously elected.

The Audit Committee, comprising Messrs. Gray, Hurlbut and Odette, held three meetings during the fiscal year ended September 30, 1983. The function of the Audit Committee is to recommend the firm or firms of chartered accountants to be proposed for appointment as auditors by the shareholders, to review the scope of work to be done by both external and internal auditors and the results thereof, to make recommendations to the Board as to actions required with respect to items arising out of such audits as are deemed appropriate, to review the annual financial statements and audit report before they are submitted to the Board for approval and to review the adequacy of financial controls.

The Management Resources and Compensation Committee, comprising Messrs. Torno, Cross, Hurlbut, Olson and Scrivener held three meetings during the fiscal year ended September 30, 1983. The function of this Committee is to review the compensation programmes and make recommendations thereon to the Board and to review and make recommendations relating to management succession.

The Pension Committee, comprising Messrs. Lambert, Jackman, Kidd (presently a director and not standing for re-election) and Wilder, held three meetings during the fiscal year ended September 30, 1983. The function of the Pension Committee is to assist the Board in its fiduciary responsibilities with regard to the investment management of pension funds of the Company's subsidiaries and to make recommendations to the Board relating thereto as well as with regard to pension benefits.

There were eight meetings of the Board during the fiscal year ended September 30, 1983. All members of the Board who are nominated for re-election have attended at least 75 percent of the total of the meetings of the Board and all Committees of which they were members during the year.

Appointment of Auditors

Price Waterhouse, Chartered Accountants, have been auditors of HW-GW for many years and of the Company since it succeeded Hiram Walker-Consumers Home Ltd. as the parent company under the terms of the Plan of Arrangement on June 1, 1981.

Representatives of Price Waterhouse are expected to be present at the meeting with the opportunity to make a statement if they so desire and to respond to appropriate questions.

Shares represented by proxies in favour of management nominees will be voted in favour of the appointment of Price Waterhouse as auditors of the Company and the authorization of the directors to fix their remuneration.

REMUNERATION AND OTHER INFORMATION

Remuneration of Directors and Officers

To satisfy statutory requirements of both Canada and the United States, the following tables present forms of compensation and measurable benefits paid to directors and officers of the Company in respect of the fiscal year ended September 30, 1983, most of which are made available generally to major groups of Company employees:

	Nature of Remuneration		
	From Office, Employment and Employer Contributions (Aggregate)	Cost of Pension Benefits (Aggregate)	Other (Aggregate)
Directors (Total number: 18)			
From Company and wholly-owned subsidiaries	$ 255,670	$ —	$ —
From partially-owned subsidiaries:			
The Consumers' Gas Company Ltd., Scurry-Rainbow Oil Limited and Corby Distilleries Limited	54,483	—	—
Total	$ 310,153	$ —	$ —
Five Senior Officers			
From Company and wholly-owned subsidiaries	$1,154,911	$ 356,691	$ —
From partially-owned subsidiaries:			
The Consumers' Gas Company Ltd., Scurry-Rainbow Oil Limited and Corby Distilleries Limited	197,571	5,789	—
Total	$1,352,482	$ 362,480	$ —
Officers with remuneration over $50,000 (Total number: 10)			
From Company and wholly-owned subsidiaries	$1,630,633	$ 379,525	$ —
From partially-owned subsidiaries:			
Scurry-Rainbow Oil Limited and Corby Distilleries Limited	202,571	5,789	—
Total	$1,833,204	$ 385,314	$ —

The following table sets forth the remuneration paid by the Company and its subsidiaries for services rendered to the Company in all capacities during the year ended September 30, 1983, to each of the five highest paid executive officers of the Company and to all executive officers of the Company as a group, whose aggregate remuneration exceeds $50,000.

Name	Capacities in which served	Cash Compensation
A. E. Downing	Executive Vice President and Director	$314,500
R. F. Haskayne	Executive Vice President and Director	268,800
H. C. Hatch, Jr.	Executive Vice President and Director	216,500
A. R. McCallum	Senior Vice President	212,500
R. W. Martin	Executive Vice President	171,000
All executive officers as a group (of which there were 10) (1)		1,636,075

(1) H. Clifford Hatch, Chairman, President, Chief Executive Officer and Director of the Company received remuneration of $44,000 and taxable benefits of $998 and receives a pension administered by HW-GW of $190,208 per year.

Bonus, Option and Other Remuneration Plans

Company Share Option Plan

The Hiram Walker Resources Ltd. Share Option Plan ("Share Option Plan") was approved by the shareholders on February 4, 1981. The Share Option Plan provides for the granting of options to purchase Common Shares of the Company at prices equal, in the discretion of the Executive Committee, either to the market value of the Common Shares on the date of grant or on any date within a 30-day period before or after the date of grant or the average market value of such Common Shares over a specified period within such 30-day period. Since February, 1983, the Share Option Plan has also provided for the granting of options as incentive stock options under the United States Internal Revenue Code. Only certain key employees of the Company and its subsidiaries are eligible to receive options under the Share Option Plan. As at September 30, 1983, options to acquire 1,082,937 unissued Common Shares were outstanding and held in the aggregate by approximately 360 employees. The Share Option Plan also provides for the granting of options to purchase an additional 2,985,325 Common Shares.

The following tabulations show as to certain executive officers and as to all executive officers as a group, for the various stock option plans of the Company and its subsidiaries, (i) the number of shares covered by options granted during the period October 1, 1982, through September 30, 1983; (ii) the number of shares acquired during such period through the exercise of options granted during or prior to such period; and (iii) the number of shares subject to all unexercised options held as of September 30, 1983.

	A. E. Downing	R. F. Haskayne	H. C. Hatch, Jr.	A. R. McCallum	R. W. Martin(2)	All executive officers as a group
Options Granted Oct. 1/82 to Sept. 30/83						
Number of Common Shares(1)	15,000	5,000	7,500	10,000	—	108,500
Options Exercised Oct. 1/82 to Sept. 30/83						
Number of Common Shares	8,500	—	—	—	—	8,500
Average Exercise Price	$14.727	—	—	—	—	$14.727
Net Value (market value less option price)	$97,943	—	—	—	—	$97,943
Unexercised options						
Number of Common Shares	34,000	20,000	7,500	18,250	—	150,750
Average Price	$17.770	$22.844	$21.625	$18.507	—	$20.540
Aggregate potential value at Sept. 30/83 (market value less option price)	$258,570	$50,620	$28,125	$125,341	—	$728,903

(1) These options were granted as of February 4, 1983 and expire on February 4, 1993 unless employment is earlier terminated and are exercisable at an exercise price of $21.625. The sale price of the Common Shares on the Toronto Stock Exchange during each of the four calendar quarters ended September 30, 1983 ranged from $17¾ to $21½, $19½ to $23⅝, $21⅞ to $27⅛ and $24¼ to $27, respectively.

(2) Under a Share Option Plan approved by the shareholders of Consumers', Mr. Martin was granted an option to purchase 15,000 common shares of Consumers'. This option was granted on January 21, 1983 and expires on January 21, 1993, unless employment is earlier terminated and is exercisable at an exercise price of $17.25 per share. The aggregate potential value of these options at September 30, 1983, was $28,125.

Under a Share Purchase Plan approved by the shareholders of Consumers', Mr. Martin purchased 12,000 8½% Cumulative Redeemable Retractable Convertible Preference Shares, Group 5, Series A of Consumers' at a price of $25 per share. Each such preference share is convertible into 1.43 common shares of Consumers' starting in 1985. The aggregate potential value of Mr. Martin's shares (over and above the purchase price) as at September 30, 1983 was $19,710.

Incentive Plans

The Company and its subsidiaries each maintain incentive plans for executive officers and key employees designated by the appropriate Management Resource and Compensation Committees. Payments pursuant to the plans are fully discretionary and based upon the results of operations or the achieving of certain financial objectives.

During the past fiscal year, the Company and its subsidiaries made no payments under these plans to any directors or executive officers.

Stock Purchase and Savings Plans

The Company and certain of its subsidiaries each maintain Stock Purchase and Savings Plans covering a majority of the Company's and its subsidiaries' employees. Participation in the Plans by an employee is entirely voluntary and each participating employee is permitted to make a contribution of not more than 5 percent or 6 percent, depending on the particular Plan, of his or her monthly compensation to the Plan. The employee's employer also makes monthly contributions to the Plan on behalf of the participating employee equal to a certain percentage of the employee's monthly contributions. The percentage is determined by the Company in its sole discretion, but does not exceed 100 percent of the participating employee's contribution. Employee contributions are invested in an income fund, the Company's Common Shares, or a combination thereof as designated by the employee. Employer contributions are invested in the Company's Common Shares and are subject to certain vesting provisions.

Consumers' has a similar Stock Purchase and Savings Plan which is offered to its employees and which is based on the common shares of Consumers'.

Pension Plans

The Company's subsidiaries maintain a variety of pension plans in Canada, the United States and other countries. These plans, most of which are trusteed plans, cover a majority of the Company's and its subsidiaries' employees. They are funded by Company or subsidiary contributions and in some cases employee contributions and provide pension benefits at normal retirement age. As of September 30, 1983, the following officers had approximately the listed number of years of credited service towards their pension plan: Mr. Downing, 34 years; Mr. Hatch, Jr., 13 years; Mr. McCallum, 18 years and Mr. Martin, 22 years.

The following table shows representative levels of annual pensions under the principal pension plans sponsored by the Company's subsidiaries based on specified years of service and the annual average earnings (not including incentive plan payments) of either the highest five years or the highest three years depending on the particular plan.

	Pensionable Service		
Annual Average Salary	15 Years	25 Years	35 Years
$100,000	$25,725 – 50,000	$42,875 – 63,333	$60,000 – 70,000
$200,000	25,725 – 100,000	42,875 – 126,666	60,000 – 140,000
$300,000	25,725 – 150,000	42,875 – 189,999	60,000 – 210,000
$400,000	25,725 – 200,000	42,875 – 253,333	60,000 – 280,000

Transactions with Directors, Officers and Associates

During the fiscal year, in the normal course of business, the Company and its subsidiaries were indebted in amounts exceeding $5 million to the following banks of which the persons listed are directors: The Toronto-Dominion Bank, Messrs. Gray and Hatch; National Bank of Detroit, Mr. Fisher; The Royal Bank of Canada, Messrs. Macdonnell and Wilder; The Canadian Imperial Bank of Commerce, Mr. Scrivener.

John T. Sapienza is a partner of the law firm of Covington & Burling, which was engaged by the Company and its subsidiaries during the last fiscal year.

Indebtedness of Directors and Senior Officers

Archibald R. McCallum, Senior Vice President and Chief Financial Officer of the Company and a resident of Toronto, Ontario, was indebted to a subsidiary of the Company on a non-interest bearing housing loan for $184,000 during the year of which $159,000 was outstanding on December 1, 1983. William P. Wilder, a resident of Toronto, Ontario, was indebted to the Company on account of a non-interest bearing loan for the purchase of Common Shares of the Company on exercise of options for $658,800 during the year, of which $625,800 was outstanding on December 1, 1983. At the time such loans were given, applicable market interest rates ranged from, approximately 10 percent to 16 percent. These loans may involve a taxable benefit to the recipients.

Directors and Officers Insurance and Indemnification

The Company has purchased insurance for the benefit of the Company's and its subsidiaries' directors and officers against any liability incurred by them in their capacity as directors and officers, subject to certain limitations contained in the Business Corporations Act (Ontario). The premium which amounts to $63,930 on an annual basis is paid by the Company. The policy provides coverage to each director and officer of $50 million, subject to a maximum total liability

of $50 million in any policy year. Each claim is subject to a $5,000 deductible for each director or officer in respect of each loss and to a $20,000 deductible in the aggregate for all directors and officers in respect of each loss and to a deductible of $25,000 in respect of any loss by the Company because of indemnification requirements. The by-laws of the Company provide for the indemnification of directors and officers from and against any liability and costs in respect of any action or suit against them in respect of the execution of their duties of office, subject to the limitations contained in the Business Corporations Act (Ontario).

1985 ANNUAL MEETING OF SHAREHOLDERS

Shareholder proposals must be received by December 2, 1984, to be considered for inclusion in the Management Information Circular and Proxy Statement and form of proxy for the 1985 Annual Meeting of Shareholders, which is expected to be held in February, 1985.

DIRECTORS' APPROVAL

The contents of this Circular and the sending hereof to shareholders of the Company have been approved by the Board of Directors of the Company.

Dated this 16th day of December, 1983

E. W. H. TREMAIN
Vice-President and Secretary

BY-LAW NO. 1

A by-law relating generally to the transaction of the business and affairs of HIRAM WALKER RESOURCES LTD.

CONTENTS

RESOLVED that the following by-law be made a by-law of HIRAM WALKER RESOURCES LTD. (hereinafter called "the Company") as follows:

SECTION I
Interpretation

1.01 Definitions

In this by-law and all other by-laws and special resolutions of the Company, unless there is something in the subject matter or the context that otherwise requires:

"Act" means the Business Corporations Act, 1982 (Ontario) and any statute that may be substituted therefor, as from time to time amended;

"articles" means the articles of incorporation of the Company as from time to time amended, supplemented or restated and "articles of incorporation" shall have the meaning attributed to it in the Act;

"board" means the board of directors of the Company;

"by-laws" means this by-law and all other by-laws of the Company from time to time in force and effect;

"meeting of shareholders" includes an annual or other meeting of shareholders; "special meeting of shareholders" includes a meeting of any class or classes of shareholders;

"recorded address" means, in the case of a shareholder, his address as recorded in the register of shareholders and, in the case of a director, officer, auditor or member of a committee of the board, his address as recorded in the records of the Company;

"signing officer" means, in relation to any instrument, any one of the persons authorized to sign the same on behalf of the Company by section 2.03 of this by-law or by a resolution passed pursuant thereto;

Subject to the foregoing, words and expressions defined in the Act have the same meanings when used herein; words importing the singular number include the plural and vice versa; words importing the masculine gender include the feminine and neuter genders; and words importing persons include individuals, bodies corporate, partnerships, trusts and unicorporated organizations.

SECTION II
Business of the Company

2.01 Registered Office

The board may from time to time by resolution fix the location of the registered office of the Company in the municipality or geographic township within Ontario where the articles provide that the registered office of the Company is to be located.

2.02 Financial Year

Until changed by resolution of the board, the financial year of the Company shall end on the 30th day of September in each year.

2.03 Execution of Instruments

Contracts, documents or instruments in writing requiring execution by the Company may be signed by any two of the persons holding the office of chairman of the board, president, vice-president, director, general manager, secretary, treasurer, comptroller, assistant secretary or assistant treasurer and all contracts, documents or instruments in writing so signed shall be binding upon the Company without further authorization or formality. In addition the board may from time to time direct by resolution the manner in which and the person or persons by whom any particular instrument or class of instruments may or shall be signed. Any signing officer may affix the corporate seal to any such contract, document or instrument in writing, and may certify a copy of any instrument, resolution, by-law or other document of the Company to be a true copy thereof. Subject to the provisions of section 7.05 of this by-law, the signature or signatures of any signing officer or officers, and/or of any person or persons appointed as aforesaid by resolution of the board may be printed, engraved, lithographed or otherwise mechanically reproduced upon all contracts, documents or instruments in writing of the Company and all contracts, documents or instruments in writing of the Company on which the signature or signatures of any of the foregoing signing officers or persons shall be so reproduced, under authorization by resolution of the board, shall be deemed to have been manually signed by such signing officers or persons whose signature or signatures is or are so reproduced and shall be as valid as if they had been signed manually and notwithstanding that the signing officers or persons whose signature or signatures is or are so reproduced may have ceased to hold office at the date of delivery or issue of such contracts, documents or instruments of the Company. The term "contracts, documents, or instruments in writing" as used in this by-law shall include deeds, mortgages, hypothecs, charges, conveyances, transfers and assignments of property, real or personal, immovable or movable, agreements, releases, receipts and discharges for the payment of money, securities, warrants and all paper writings.

2.04 Banking Arrangements

The banking business of the Company, or any part thereof, shall be transacted with such banks, trust companies or other firms or bodies corporate as the board may designate, appoint or authorize from time to time by resolution and all such banking business, or any part thereof, shall be transacted on the Company's behalf by such one or more officers and/or other persons as the board may designate, direct or authorize from time to time by resolution and to the extent therein provided. Banking business includes, without limitation, the operation of the Company's accounts; the making, signing, drawing, accepting, endorsing, negotiating, lodging, depositing or transferring of any cheques, promissory notes, drafts, acceptances, bills of exchange and orders for the payment of money, the giving of receipts for the orders relating to any property of the Company, the execution of any agreement relating to any such banking business and defining the rights and powers of the parties thereto; and the authorizing of any officer of any such banker to do any act or thing on the Company's behalf to facilitate such banking business.

2.05 Voting Rights in Other Bodies Corporate

Any security carrying voting rights of any other company or corporation held from time to time by the Company shall be voted at such meeting or meetings of security holders of such other company or corporation and in such manner and by such person or persons as may be specified in a resolution passed by the board. In the absence of such a resolution, the duly authorized signing officers of the Company may from time to time execute and deliver for and on behalf of the Company proxies and/or arrange for the issuance of voting certificates and/or other evidence of the right to vote in such names (including their own) as they may determine without the necessity of a resolution or other action by the board.

2.06 Borrowing Power

(a) The board may from time to time in such amounts and on such terms as it deems expedient:

  (i) borrow money upon the credit of the Company;

  (ii) issue, reissue, sell or pledge debt obligations of the Company;

  (iii) subject to the Act, give a guarantee on behalf of the Company to secure performance of an obligation of any person; and

  (iv) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Company, owned or subsequently acquired, to secure any obligation of the Company.

(b) The board may from time to time delegate to such one or more of the directors and officers of the Company as may be designated by the board all or any of the powers conferred on the board by paragraph (a) to such extent and in such manner as the board shall determine at the time of each such delegation.

SECTION III

Directors

3.01 Quorum of Directors

Until changed in accordance with the Act, the quorum at any meeting of directors shall be two-fifths of the number of directors.

3.02 Qualification

No person shall be qualified for election or appointment as a director if he has the status of a bankrupt, if he is of unsound mind and has been so found by a court in Canada or elsewhere, or if he has not attained 18 years of age. A director must be an individual, but need not be a shareholder. A majority of the directors shall be resident Canadians, and at least one third of the directors shall not be officers or employees of the Company or any of its affiliates.

3.03 Election and Term

The election of directors shall take place at each annual meeting of shareholders and all the directors then in office shall retire but, if qualified, shall be eligible for re-election. The election may be by a show of hands or by a resolution of the shareholders, or if demanded by a shareholder or proxy holder, by ballot. If directors are not elected at a meeting of shareholders, the incumbent directors shall continue in office until their successors are elected.

3.04 Removal of Directors

The shareholders, by resolution passed by a majority of the votes cast thereon at a meeting of shareholders, may remove any director before the expiration of his term of office and may elect any person in his stead for the remainder of his term.

3.05 Vacation of Office

A director shall cease to be a director upon the occurrence of any of the following events: (a) if a receiving order is made against him or if he makes an assignment under the Bankruptcy Act; (b) if an order is made declaring him to be of unsound mind; (c) if he shall be removed from office by resolution of the shareholders as provided in section 3.04; or (d) if by notice in writing to the Company he resigns his office, and such resignation, if not effective immediately, shall become effective in accordance with the terms of such written notice.

3.06 Vacancies

A quorum of directors may fill a vacancy among the directors, except a vacancy resulting from a failure to elect the number of directors required to be elected at a meeting of shareholders. Where there is not a quorum of directors, or if there has been a failure to elect the number of directors at a meeting of shareholders, the directors shall forthwith call a meeting of shareholders to fill the vacancy, and, if they fail to call a meeting or if there are no directors then in office, the meeting may be called by any shareholder. The directors may, between meetings of shareholders, appoint additional directors provided that the total number of directors shall not be greater than one and one-third times the number of directors required to have been elected at the last annual meeting of shareholders.

3.07 Duties and Conduct of Business

The board shall manage or supervise the management of the business and affairs of the Company. The powers of the board may be exercised by a meeting at which a quorum of directors is present and at which a majority of the directors present are resident Canadians, or by resolution signed by all the directors entitled to vote thereon, if constituting a quorum. Where there is a vacancy or vacancies on the board, the remaining directors may exercise all the powers of the board so long as a quorum remains in office.

3.08 Place of Meetings

Subject to the provisions of the Act, meetings of the board and of any committee thereof may be held at the registered office of the Company or any other place within or outside of Ontario and in any financial year of the Company it shall not be necessary for a majority of the meetings of the board or any committee thereof to be held at a place within Canada.

3.09 Calling of Meetings

A meeting of the board may be called at any time by the chairman of the board, the president, a vice-president who is a director, or a quorum of the directors. Notice of the time and place of every meeting so called shall be given in the manner provided in Section X to each director (a) not less than 48 hours before the time when the meeting is to be held if the notice is mailed, or (b) not less than 12 hours before the time when the meeting is to be held if the notice is given personally or is delivered or is sent by any means of transmitted or recorded communication, provided that a meeting of the board may be held at any time on shorter notice or without notice to any or all directors and proceedings thereat shall not thereby be invalidated if all the directors are present or if those absent have signified their consent in any manner and at any time to the holding of such meeting. No notice of meeting need be given to a director in respect of the meeting at which he was elected or appointed to the board to fill a vacancy thereon.

3.10 First Meeting of New Board

Each newly elected board may without notice hold its first meeting immediately following the meeting of shareholders at which such board is elected, provided a quorum of directors is present.

3.11 Regular Meetings

The board may appoint a day or days in any month or months for regular meetings at a place and hour to be named. A copy of any resolution of the board fixing the place and time of regular meetings of the board shall be sent to each director forthwith after being passed, but no other notice shall be required for any such regular meeting.

3.12 Chairman

The chairman of the board, if elected or appointed, or in his absence, the chairman of the executive committee, if elected or appointed, or in his absence, the president, or in their absence, a vice-president who is a director shall be chairman of any meeting of the board. If no such officer is present, the directors present shall choose one of their number to be chairman.

3.13 Procedure at Meetings

At all meetings of the board every question shall be decided by a majority of the votes cast on the question. In case of an equality of votes the chairman of the meeting shall be entitled to a second or casting vote. Where all the directors present at a meeting of the board of directors or a committee thereof have consented thereto, any director may participate in such a meeting by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and a director participating in such a meeting in such manner shall be deemed to be present in person at that meeting. Where the majority of the directors participating in such a meeting are then in Canada, the meeting shall be deemed to have been held in Canada.

3.14 Interest of Directors in Contracts

No director shall be disqualified from contracting with the Company by reason of his being a director.

3.15 Declaration of Interest

A director or officer who,

(a) is a party to a material contract or transaction or proposed material contract or transaction with the Company; or

(b) is a director or an officer of, or has a material interest in, any person who is a party to a material contract or transaction or proposed material contract or transaction with the Company,

shall declare such interest to the extent and in the manner and at the time required by the applicable provisions of the Act, and shall refrain from voting where required under the Act.

3.16 Remuneration and Expenses

The directors shall be paid such remuneration for their services as the board may from time to time determine. The directors shall be reimbursed as the board may from time to time determine in respect of their out-of-pocket expenses

incurred in attending board, committee or shareholders' meetings or otherwise in respect of the performance by them of their duties. No confirmation by the shareholders of any such reimbursement shall be required. If any director or officer shall be employed by or shall perform services for the Company otherwise than as a director or officer or shall be a member of a firm or a shareholder, director or officer of a company which is employed by or performs services for the Company, the fact of his being a director or officer of the Company shall not disentitle such director or officer of such firm or company, as the case may be, from receiving proper remuneration for such services.

SECTION IV

Committees of the Board

4.01 Executive Committee

The directors of the Company may elect from their number a committee to be known as the executive committee to be composed of not fewer than three members. The chairman of the board (if any) and the president shall be members of the executive committee. Other members of the executive committee may be removed or replaced at any time by the board of directors and a member shall serve only so long as he shall be a director.

4.02 Powers of Executive Committee

During the intervals between the meetings of the board the executive committee shall possess and may exercise (subject to any regulations which the board may from time to time impose and subject to the Act) all the powers of the board in the management and direction of the affairs and business of the Company (save and except only such acts as must by law be performed by the board itself) in such manner as the executive committee shall deem best for the interests of the Company in all cases in which specific directions shall not have been given by the board.

4.03 Audit Committee

The directors of the Company shall elect from among their number a committee to be known as the audit committee to be composed of not fewer than three directors qualified in accordance with the provisions of the Act to hold office until the next annual meeting of the shareholders which committee shall exercise the powers of an audit committee as provided in the Act.

4.04 Other Committees

In addition to the executive committee and the audit committee, the board may from time to time elect or appoint such other committees as it may deem advisable, and may delegate to such committees powers of the directors in accordance with the Act.

4.05 Quorum and Procedure

Unless otherwise ordered by the board, each committee shall have power to fix its quorum at not less than a majority of its members and to elect its chairman, and to regulate its procedure. A majority of the members of any committee of the board shall be resident Canadians.

SECTION V

Officers

5.01 Appointment

From time to time the board shall appoint a president and a secretary, and may appoint one or more vice-presidents (to which title may be added words indicating seniority or function), a treasurer, a comptroller and such other officers as the board may determine, including one or more assistants to any of the officers so elected or appointed. Except for the chairman of the board, if any, and the president, who must each be a director, the officers of the Company may but need not be directors and one person may hold more than one office, except that neither the chairman of the board nor the president may hold the office of secretary. If the same person holds both the office of secretary and the office of treasurer, he may but need not be known as secretary-treasurer.

5.02 Chairman of the Board

The directors may appoint a chairman of the board from among their number. The chairman of the board shall, when present, preside at all meetings of the board, and the shareholders.

5.03 Chief Executive Officer

The board may designate one of the officers of the Company as chief executive officer of the Company and may from time to time revoke any such designation and designate another officer of the Company as chief executive officer of the Company. The officer designated as chief executive officer shall have general supervision and control of the affairs of the Company.

5.04 President

In the absence of the chairman of the board, or the chairman of the executive committee, if any, the president shall, when present, preside at all meetings of the board of directors, the executive committee and the shareholders. The president shall have such other powers and shall perform such other duties as may from time to time be assigned to him by the board.

5.05 Chief Financial Officer

The board may designate one of the officers of the Company as chief financial officer of the Company and may from time to time revoke any such designation and designate another officer of the Company as chief financial officer of the Company. The officer designated as chief financial officer shall have such duties and exercise such powers as the board may from time to time prescribe.

5.06 Vice-Presidents

Each vice-president shall have such duties and exercise such powers as the chief executive officer may from time to time delegate to him or the board may prescribe. During the absence or disability of the president, his duties may be performed and his powers may be exercised by an executive vice-president if one or more has been appointed or by a vice-president, in order of seniority (as determined by the board), save that no vice-president shall preside at a meeting of the board or at a meeting of shareholders who is not otherwise entitled to attend the meeting. If a vice-president exercises any such duty or power, the absence or disability of the president shall be presumed with reference thereto.

5.07 Secretary

The secretary shall attend and be the secretary of all meetings of the board, shareholders, and committees of the board and shall enter or cause to be entered in records kept for that purpose minutes of all proceedings thereat; he shall give or cause to be given, as and when instructed, all notices to directors, shareholders, auditors and members of committees of the board; he shall be the custodian of the stamp or mechanical device generally used for affixing the corporate seal of the Company and of all books, papers, records, documents and instruments belonging to the Company except when some other officer or agent has been appointed for that purpose, and he shall have such other duties as the board or the chief executive officer may prescribe.

5.08 Treasurer

The treasurer, under the direction of the board, shall control the deposit of money, the safekeeping of securities and the disbursement of the funds of the Company. He shall render to the board whenever required an account of all his transactions as treasurer and report to and advise the board on the financial position and requirements of the Company, and he shall have such other duties as the board or the chief executive officer may prescribe.

5.09 Comptroller

The comptroller shall have charge of and cause to be kept the accounting records of the Company in accordance with all statutory requirements and shall advise the board on the accounting procedures and methods used by the Company, and he shall have such other duties as the board or the chief executive officer may prescribe.

5.10 Duties of Other Officers

The duties of all other officers of the Company shall be such as the terms of their engagement call for or as the board or the chief executive officer may prescribe. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the board otherwise directs.

5.11 Variation of Duties

Notwithstanding the foregoing, from time to time the board may vary, add to or limit the powers and duties of an office or of an officer occupying any office.

5.12 Term of Office

The board may remove at its pleasure any officer of the Company without prejudice to such officer's rights under any employment contract. Otherwise each officer elected or appointed by the board shall hold office until his successor is appointed.

5.13 Terms of Employment and Remuneration

The terms of employment and the remuneration of officers appointed by the board from time to time shall be fixed by it or, if no such determination has been made, by the chairman of the board, chief executive officer or the president.

5.14 Agents and Attorneys

The board shall have power from time to time to appoint agents or attorneys for the Company in or out of Ontario with such powers of management or otherwise (including the power to sub-delegate) as may be thought fit.

SECTION VI

Protection of Directors, Officers and Others

6.01 Limitation of Liability

No director or officer for the time being of the Company shall be liable for the acts, receipts, neglects or defaults of any other director or officer or employee, or for joining in any receipt or other act for conformity, or for any loss, damage or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the board for or on behalf of the Company, or for the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Company shall be placed out or invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, firm or body corporate with whom any of the moneys, securities or effects of the Company shall be lodged or deposited, or for any loss, conversion, misapplication or misappropriation of or any damage resulting from any dealings with any moneys, securities or other assets belonging to the Company or for any other loss, damage or misfortune whatever which may happen in the execution of the duties of his respective office or trust or in relation thereto provided he acted honestly and in good faith with a view to the best interests of the company and, in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he had reasonable grounds for believing that his conduct was lawful.

6.02 Indemnity

Subject to the limitations contained in the Act, every director and every officer of the Company, every former director and former officer of the Company, and every other person who acts or acted at the Company's request as a director or officer of a body corporate of which the Company is or was a shareholder or creditor, and such director's, officer's or other person's heirs, executors, administrators and other legal personal representatives shall from time to time be indemnified and saved harmless by the Company from and against:

(a) any liability and all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, that he sustains or incurs in respect of any civil, criminal or administrative action, suit or proceeding that is proposed or commenced against him by reason of his being or having been a director or officer of the Company or such other body corporate; and

(b) all other costs, charges and expenses that he sustains or incurs in respect of the affairs of the Company.

6.03 Insurance

Subject to the limitations contained in the Act, the Company may purchase and maintain such insurance for the benefit of the persons referred to in section 6.02 as the board may from time to time determine.

SECTION VII
Shares

7.01 Issue of Shares

The board may from time to time issue or grant options to purchase the whole or any part of the unissued shares of the Company in such manner and to such persons or class of persons as the board shall by resolution determine, provided that no share shall be issued until it is fully paid as provided by the Act.

7.02 Transfer Agents and Registrars

The board may from time to time by resolution appoint a transfer agent or agents to keep the register of holders of shares of any class or series and the register of transfers of such shares and may also appoint one or more branch transfer agents to keep branch registers of transfers. With respect to any register or branch register the board may also appoint a registrar or registrars who may but need not be the same person as the transfer agent. The board may at any time terminate the appointment of any transfer agent or registrar.

7.03 Registration of Transfer

Subject to the provisions of the Act, no transfer of shares shall be registered in the register of transfers or branch register of transfers except upon the surrender of the certificate representing such shares with a transfer endorsed thereon or delivered therewith duly executed by the registered holder or by his attorney or successor duly appointed, together with such assurance or evidence of signature, identification and authority to transfer as the Company may require, and upon payment of all applicable taxes.

7.04 Non-recognition of Trusts

The Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not, except as ordered by a court of competent jurisdiction or as required by statute, be bound to see to the execution of any trust, whether express, implied or constructive, in respect of any share or to recognize any such claim to or interest in such share on the part of any person, other than the registered holder thereof.

7.05 Share Certificates

Every holder of one or more fully paid shares of the Company shall be entitled to a share certificate stating the number and class or series of shares held by him as shown by the register, and stating that such shares are fully paid. The board may from time to time by resolution provide for the charging of a fee not in excess of that authorized by the Act for every share certificate issued, except for certificates issued in respect of an issue of shares. Share certificates shall be in such form as the board shall from time to time approve. They shall be signed in accordance with section 2.03 and need not be under the corporate seal, provided that, unless the board otherwise orders, certificates representing shares in respect of which a transfer agent (which term shall include a branch transfer agent) and/or registrar has been appointed shall not be valid if issued during such appointment unless countersigned by or on behalf of such transfer agent and/or registrar. The corporate seal of the Company (where required) and the signature of one of the signing officers or, in the case of share certificates which are not valid unless countersigned by or on behalf of a transfer agent and/or registrar, the signatures of both signing officers may be mechanically reproduced in facsimile upon share certificates and every such facsimile signature shall for all purposes be deemed to be the signature of the officer whose signature it reproduces and shall be binding upon the Company. A share certificate executed as aforesaid shall be valid notwithstanding that one or both of the officers whose signature (whether manual or facsimile) appears thereon no longer holds office at the date of issue or delivery of the certificate.

7.06 Replacement of Share Certificates

Subject to the Act, the board may by resolution prescribe, either generally or in a particular case, the requirements upon satisfaction of which a new share certificate may be issued in lieu of and upon cancellation of a share certificate which has become mutilated or in substitution for a share certificate which has been lost, apparently destroyed or wrongfully taken.

7.07 Joint Shareholders

If two or more persons are registered as joint holders of any share, the Company shall not be bound to issue more than one certificate in respect thereof, and delivery of such certificate to one of such persons shall be sufficient delivery to all of them. Any one of such persons may give effectual receipts for the certificate issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such share.

7.08 Deceased Shareholders

Subject to the Act, in the event of the death of a holder, or of one of the joint holders, of any share, the Company shall not be required to make any entry in the register of shareholders in respect thereof or to make payment of any dividends thereon except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Company and its transfer agent.

SECTION VIII
Dividends and Rights

8.01 Dividends

Subject to the provisions of the Act and the articles, the board may from time to time declare dividends payable to the shareholders according to their respective rights and interests in the Company. A dividend may be paid in cash or in property not exceeding in value the stated amount of the dividend. If the board declares a dividend payable in property, the board shall determine and fix the value of such property and such determination shall be conclusive evidence of the value thereof.

8.02 Stock Dividends

For the amount of any dividend that the board may lawfully declare payable in cash, it may declare a stock dividend and issue therefor fully paid shares of the Company or options or rights to acquire fully paid shares of the Company.

8.03 Dividend Cheques

A dividend payable in cash shall be paid by cheque drawn on the Company's bankers or one of them to the order of each registered holder of shares of the class or series in respect of which it has been declared and mailed by ordinary mail, postage prepaid, to such registered holder at his recorded address, unless such holder otherwise directs. In the case of joint holders the cheque shall, unless such joint holders otherwise direct, be made payable to the order of all such joint holders and mailed to them at the recorded address in respect of such joint holding, or to the first recorded address so appearing if there are more than one. The mailing of such cheque as aforesaid, unless the same be not paid at par on due presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Company is required to and does withhold. Notwithstanding the foregoing, with the consent of a registered holder of shares, other arrangements may be made from time to time with respect to the payment of dividends.

8.04 Non-receipt of Cheques

In the event of non-receipt of any dividend cheque by the person to whom it is sent as aforesaid, the Company shall issue to such person a replacement cheque for a like amount on such terms as to indemnity, reimbursement of expenses and evidence of non-receipt and of title as the Company may from time to time prescribe, whether generally or in any particular case.

8.05 Record Date for Dividends and Rights

The board may fix in advance a time and date, preceding by not more than 50 days the date for the payment of any dividend or the date for the issue of any warrant or other evidence of right to subscribe for securities of the Company as a record date for the determination of the persons entitled to receive payment of such dividend or to receive such warrant or other evidence of right to subscribe for securities. In every such case only such persons as shall be shareholders of record at the close of business on the record date so fixed shall be entitled to receive payment of such dividend or to receive such warrant or other evidence of right to subscribe for securities, notwithstanding the transfer or issue of any shares after the record date so fixed.

SECTION IX
Meetings of Shareholders

9.01 Annual Meetings

The annual meeting of shareholders shall be held at such time and on such day in each year as the board may from time to time determine, for the purpose of receiving the reports and statements required by the Act to be laid before the annual meeting, electing directors and appointing auditors and fixing or authorizing the board to fix their remuneration, and for the transaction of such other business as may properly be brought before the meeting.

9.02 Special Meetings

Each of the board, the chairman of the board and the president shall have the power to call a special meeting of the shareholders at any time.

9.03 Place of Meetings

Meetings of shareholders shall be held at the registered office of the Company or at such other place in or outside Ontario as the directors may determine.

9.04 Notice of Meetings

Notice of the time and place of each meeting of shareholders shall be given in the manner provided in Section X not less than 21 or more than 50 days before the date of the meeting to each shareholder who at the close of business on the record date for notice is entered in the register of shareholders as the holder of one or more shares carrying the right to vote at the meeting. Notice of a meeting of shareholders at which special business is to be transacted shall state or be accompanied by a statement of the nature of that business in sufficient detail to permit the shareholder to form a reasoned judgment thereon and the text of any special resolution or by-law to be submitted to the meeting. Notice of all meetings of shareholders shall also be sent to each director and to the auditor of the Company.

9.05 Record Date for Notice

The board may fix in advance a time and date, preceding the date of any meeting of shareholders by not more than 50 days and not less than 21 days, for the determination of the shareholders entitled to notice of the meeting. If no such record date for notice is fixed by the board, the record date for notice shall be at the close of business on the day next preceding the day on which notice is given or sent.

9.06 Record Date for Financial Statements

The board may fix in advance a time and date, preceding the date of any annual meeting of shareholders by not less than 21 days, for the determination of the shareholders entitled to receive the financial statements of the Company pursuant to the Act. If no such record date is fixed by the board, the record date for giving or sending the financial statements shall be at the close of business on the day next preceding the day on which the financial statement is given or sent.

9.07 Meetings without Notice

A meeting of shareholders may be held at any time and at any place permitted by the Act or the articles or the by-laws without notice to all shareholders entitled thereto or on shorter notice than that provided for herein and proceedings thereat shall not thereby be invalidated (a) if all the shareholders entitled to vote thereat are present in person or represented by proxy or if those not so present or represented by proxy have waived notice of the meeting in any manner and at any time and (b) if the auditors or other persons entitled to attend the meeting are present or have waived notice of the meeting in any manner and at any time.

9.08 Chairman, Secretary and Scrutineers

The chairman of the board or in his absence, the chairman of the executive committee, or in his absence, the president, or in his absence a vice-president who is a director of the Company shall be chairman of any meeting of shareholders. If no such officer is present within 15 minutes from the time fixed for holding the meeting, the persons present and entitled to vote shall choose one of their number to be chairman. If a poll is demanded on the election of such a chairman it shall be taken forthwith without adjournment. If the secretary of the Company is absent, the chairman shall appoint some person, who need not be a shareholder, to act as secretary of the meeting. If desired, one or more scrutineers, who need not be shareholders, may be appointed by the chairman.

9.09 Persons entitled to be Present

The only persons entitled to attend a meeting of shareholders shall be those entitled to vote thereat, the chairman of the board, the president, the directors, the secretary, the auditors of the Company and others who, although not entitled to vote, are entitled or required under any provision of the Act or the articles or by-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chairman of the meeting or with the consent of the meeting.

9.10 Quorum

A quorum for the transaction of business at any meeting of shareholders shall consist of a person or persons holding or representing in the aggregate not less than 25% of the issued shares, of the class or classes respectively (if there is more than one class of shares outstanding for the time being) enjoying voting rights at such meeting. Notwithstanding the foregoing, if the articles of the Company provide for a quorum in respect of a meeting of any class or series of shares, such provisions in the articles shall govern.

9.11 Right to Vote

(a) Subject to the Act, at any meeting of shareholders a person named in the list of shareholders entitled to receive notice of the meeting, prepared in accordance with the Act, is entitled to vote the shares shown opposite his name at the meeting to which the list relates, except to the extent that

(i) the person has transferred any of his shares after the record date for the determination of the shareholders entitled to receive notice of the meeting determined under Section 9.05; and

(ii) the transferee of those shares,

(1) produces properly endorsed share certificates, or

(2) otherwise establishes that he owns the shares,

and demands not later than ten days before the meeting or such shorter period of time as the board may from time to time prescribe, that his name be included in the list before the meeting,

in which case the transferee may vote his shares at the meeting.

9.12 Proxies

Every shareholder entitled to vote at a meeting of shareholders may appoint a proxy holder or one or more proxy holders who need not be shareholders, as his nominee to attend and act for him at the meeting in the manner, to the extent and with the power conferred by the instrument appointing him. An instrument appointing a proxy shall be in writing executed by the appointor or his attorney authorized in writing, or in the case the shareholder is a corporation, by an officer or attorney thereof duly authorized and may, subject to the requirements of the Act, be in such form as the directors may from time to time prescribe or in such form as the chairman of the meeting may accept as sufficient. A proxy ceases to be valid one year from its date.

9.13 Time for Deposit of Proxies

The board by resolution may fix in advance a time, preceding the time of any meeting or adjourned meeting of shareholders by not more than 48 hours, excluding non-business days, before which time instruments appointing proxies must be deposited. An instrument appointing a proxy shall be acted upon only if, prior to the time so fixed and specified in the notice calling the meeting, it shall have been deposited with the Company or an agent thereof specified in such notice or, if no such time is specified in such notice, if it has been received by the secretary of the Company or by the chairman of the meeting prior to the time of voting.

9.14 Personal Representative

If the shareholder of record is deceased, his personal representative, upon filing with the secretary of the meeting sufficient proof of his appointment, shall be entitled to exercise the same voting rights at any meeting of shareholders as the shareholder of record would have been entitled to exercise if he were living and for the purposes of the meeting shall be considered a shareholder. If there is more than one personal representative, the provisions of section 9.15 shall apply.

9.15 Joint Shareholders

If shares are held jointly by two or more persons, any one of them present in person or represented by proxy at a meeting of shareholders may, in the absence of the other or others, vote thereat, but if more than one of them shall be present in person or represented by proxy, they shall vote together as one in respect of the shares jointly held by them.

9.16 Votes to Govern

At any meeting of shareholders every question shall, unless otherwise required by the articles or the by-laws be determined by the majority of the votes cast on the question. In case of an equality of votes either upon a show of hands or upon a ballot, the chairman of the meeting shall be entitled to a second or casting vote.

9.17 Show of Hands

Subject to the provisons of the Act, any question at a meeting of shareholders shall be decided by a show of hands unless a ballot thereon is required or demanded as hereinafter provided. Upon a show of hands every person who is present and entitled to vote shall have one vote. Whenever a vote by show of hands shall have been taken upon a question, unless a ballot thereon is so required or demanded, a declaration by the chairman of the meeting that the vote upon the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes of the meeting shall be prima facie evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of the shareholders upon the said question.

9.18 Ballots

On any question proposed for consideration at a meeting of shareholders, and whether or not a show of hands has been taken thereon, the chairman may require or any person entitled to vote on the question may demand a ballot thereon. A ballot so required or demanded shall be taken in such manner and at such time as the chairman shall direct. A requirement or demand for a ballot may be withdrawn at any time prior to the taking of the ballot. Upon a ballot each person present shall be entitled, in respect of the shares which he is entitled to vote at the meeting upon the question, to that number of votes provided by the Act or the articles, and the result of the ballot so taken shall be the decision of the shareholders upon the said question.

9.19 Adjournment

The chairman at a meeting of shareholders may, with consent of the meeting and subject to such conditions as the meeting may decide, adjourn the meeting from time to time and from place to place. If a ballot is demanded on the question of adjournment it shall be taken forthwith without adjournment. If a meeting of shareholders is adjourned by one or more adjournments for an aggregate of 30 days or more, notice of the adjourned meeting shall be given as for an original meeting.

9.20 Action in Writing by Shareholders

Except as provided in the Act, any resolution in writing signed by all the shareholders entitled to vote on that resolution is as valid as if it had been passed at a meeting of shareholders and a resolution in writing dealing with all matters required by the Act to be dealt with at a meeting of shareholders and signed by all shareholders entitled to vote at that meeting satisfies all the requirements of the Act relating to that meeting of shareholders at such meeting.

9.21 Only One Shareholder

Where the Company has only one shareholder of any class or series, all action by such shareholder in respect of such class or series shall be done in accordance with section 9.20.

SECTION X

Notices

10.01 Method of Giving Notices

Any notice (which term includes any communication or document), to be given, sent, delivered or served pursuant to the Act, the articles, the by-laws or otherwise to or upon a shareholder, director, officer, auditor or member of a committee of the board shall be sufficiently given if delivered personally to the person to whom it is to be given or if delivered to his recorded address or if mailed to him at his recorded address by prepaid mail, or if sent to him at his recorded address by means of wire, wireless, telex or any other form of prepaid transmitted or recorded communication. A notice so delivered shall be deemed to have been given when it is delivered personally or at the recorded address as aforesaid; a notice so mailed shall be deemed to have been received by the addressee on the fifth day after mailing; and a notice sent by means of wire, wireless, telex or other form of transmitted or recorded communication shall be deemed to have been given when dispatched or delivered to the appropriate communication company or agency or its representative for dispatch. The secretary may change or cause to be changed the recorded address of any shareholder, director, officer, auditor or member of a committee of the board in accordance with any information believed by him to be reliable. A certificate of any signing officer of the Company in office at the time of making the certificate or of an executive or officer of any registrar or transfer agent or branch registrar or transfer agent of shares of any class of the Company as to facts in relation to the delivery or mailing or service of any notice or other document to any shareholder, director, officer, or auditor or publication of any notice or other document shall be conclusive evidence thereof and shall be binding on every shareholder, director and officer and on the auditor of the Company.

10.02 Notice to Joint Shareholders

If two or more persons are registered as joint holders of any share, notice to one of such persons shall be sufficient notice to all of them. Any notice shall be addressed to all of such joint holders and the address to be used for the purposes of section 10.01 shall be the address appearing on the register of shareholders in respect of such joint holding, or the first address so appearing if there are more than one.

10.03 Computation of Time

In computing the period of days when notice must be given under any provision of the articles or by-laws requiring a specified number of days' notice of any meeting or other event, the period shall be deemed to commence the day following the event that began the period and shall be deemed to terminate at midnight of the last day of the period except that if the last day of the period falls on a Sunday or holiday the period shall terminate at midnight of the day next following that is not a Sunday or holiday.

10.04 Omissions and Errors

The accidental omission to give any notice to any shareholder, director, officer, auditor or member of a committee of the board, or the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

10.05 Persons Entitled by Death or Operation of Law

Every person who, by operation of law, transfer, death of a shareholder or any other means whatsoever, shall become entitled to any share shall be bound by every notice in respect of such share which shall have been duly given to a person from whom he derives his title to such share, prior to his name and address being entered on the register of shareholders, whether such notice was given before or after the happening of the event upon which he became so entitled.

10.06 Waiver of Notice

Any shareholder (or his duly appointed proxy), director, officer, auditor or member of a committee of the board may waive any notice required to be given to him under any provision of the Act, the articles, the by-laws or otherwise or the time for sending any notice or document may be waived or abridged and such waiver, whether given before or after the meeting or other event of which notice is required to be given, shall cure any default in giving such notice.

SECTION XI

Effective Date

11.01 Coming into Force

This by-law comes into force upon the date hereof, subject to confirmation by the shareholders in accordance with the Act.

11.02 Repeal

The provisions of all previous by-laws of the Company heretofore passed enacted or in effect are repealed from and after confirmation of this by-law by the shareholders in accordance with the Act. Such repeal shall not affect the previous operation of any by-law so repealed or affect the validity of any act done or right, privilege, obligation or liability acquired or incurred under or the validity of any contract or agreement made pursuant to any such by-law prior to its repeal. All officers and persons acting under by-law so repealed shall continue to act as if appointed under the provisions of this by-law and all resolutions with continuing effect of the board, shareholders or committees of the board passed under any repealed by-law shall continue to be good and valid except to the extent inconsistent with this by-law and until amended or repealed.

PASSED by the board this 16th day of November, 1983

H. Clifford Hatch *Chairman*	C.S.	E. W. H. Tremain *Vice President and Secretary*

The year in brief

Financial	1983	1982	1981
	(Expressed in millions except per share amounts)		
Operations			
Revenue	**$3,402.8**	$3,359.8*	$2,900.8*
Operating income	**$ 537.7**	$ 523.8*	$ 475.9*
Net income applicable to common shares before unusual item	**$ 142.2**	$ 98.9	$ 222.3
Cash from operations	**$ 664.4**	$ 484.7*	$ 202.9*
Capital expenditures	**$ 262.5**	$ 358.4	$ 403.8
Per common share			
Net income before unusual item			
Basic	**$ 2.03**	$ 1.43	$ 3.23
Dividends	**$ 1.32**	$ 1.32	$ 1.32
Financial position			
Total assets	**$4,839.6**	$4,963.6	$4,918.2
Shareholders' equity	**$1,623.8**	$1,703.3	$1,821.8
Operating			
Distilled spirits			
Gross revenue less excise taxes and import duties (millions)	**$ 1,054**	$ 1,103*	$ 1,085*
Natural resources			
Crude oil and liquids production (barrels per day)	**31,249**	32,934	32,370
Natural gas sales (millions of cubic feet per day)	**155.3**	190.5	165.8
Gas utility			
Volume of gas sold (billions of cubic feet)	**284.1**	308.8	296.9
Number of active customers	**759,911**	724,158	678,279

*Amounts reclassified to conform with 1983 financial statement presentation.

Corporate profile

Hiram Walker Resources Ltd. (the ''Company''), one of Canada's largest publicly-traded companies, operates internationally in three main business areas: distilled spirits, natural resources, and natural gas distribution. Its common shares are listed on major Canadian stock exchanges and on the New York Stock Exchange. Incorporated under the laws of the Province of Ontario, Canada, executive offices are maintained in Toronto, Ontario. The Company employs 10,200 people.

Canadian Club, a principal brand, portrayed against the background of the main office building of Hiram Walker-Gooderham & Worts Limited in Walkerville, Ontario.

Index

Annual meeting

The Annual and Special Meeting of Shareholders will be held in the Canadian Room of the Royal York Hotel, 100 Front Street West, Toronto, Ontario, on Wednesday, February 1, 1984, at 11:00 a.m.

A.E. Downing succeeds H. Clifford Hatch

On November 16, 1983, H. Clifford Hatch informed the Board of Directors of his desire to retire as President, Chief Executive Officer and Chairman of the Board at the Company's next annual meeting to be held on February 1, 1984. It is proposed by the Board to appoint A.E. (Bud) Downing, President of Hiram Walker-Gooderham & Worts Limited, as his successor on that date. Mr. Hatch has agreed to continue as a Director and serve as Chairman of the Executive Committee of the Board.

Mr. Downing has spent his entire business career with the Company, becoming President of Hiram Walker-Gooderham & Worts in 1978. When Hiram Walker-Gooderham & Worts merged in 1980 with The Consumers' Gas Company and its wholly-owned subsidiary, Home Oil Company Limited, Mr. Downing became a Director and Executive Vice President of the Company.

Born in Mount Elgin, Ontario, Mr. Downing interrupted his studies at the University of Toronto during World War II to serve with the Canadian Navy. At the end of the War, he returned to the university and graduated in 1947 in chemical engineering.

During the early part of his career, Mr. Downing was involved in the production side of the business at a time when substantial plant expansion was required to meet the large post war growth in the distilled spirits industry. Later he became increasingly involved in general management with particular interests in the marketing and financial aspects of business.

While serving on a two year assignment at the Company's distillery in Argentina, Mr. Downing became fluent in Spanish.

He was elected to the Board of Directors of Hiram Walker-Gooderham & Worts in 1971 and was named a Vice President in 1973 and a Senior Vice President in 1976.

A. E. Downing

Mr. Downing is a Director of Allendale Mutual Insurance Company, Providence, R.I., Corby Distilleries Limited, Interprovincial Pipe Line Limited, Liquid Carbonic Canada Ltd./Ltee. and Westinghouse Canada Inc.

His community services include terms as President of the United Community Services of Greater Windsor, and board memberships of St. Clair College, Windsor, and the Metropolitan Hospital of Windsor.

The Directors also announced it is proposed to appoint H. Clifford Hatch, Jr., as President of Hiram Walker-Gooderham & Worts to succeed Mr. Downing.

Mr. Hatch, Jr., a Director and Executive Vice President of Hiram Walker Resources, and Vice President of Hiram Walker-Gooderham & Worts, is a native of Windsor and holds a Bachelor of Arts degree from McGill and a Masters of Business Administration degree from Harvard. He joined the Company in 1968 and served as President and Chief Executive Officer of Corby Distilleries, a subsidiary company, for three years before becoming Vice President of Hiram Walker-Gooderham & Worts in 1979.

Report to shareholders


H. Clifford Hatch


W. P. Wilder

Significant progress was made during 1983 on the Company's plan to reduce the heavy debt load and improve the performance of the natural resource portion of the business. Lower capital expenditures, coupled with internal cost control measures and effective cash management, provided sufficient funds to reduce non-utility debt by $260 million and thereby strengthen the Company's balance sheet.

A number of steps initiated in 1983 contributed to the improvement in the natural resource sector. The divestiture of marginal activities was completed. The consolidation or realignment of operating functions contributed to increased efficiencies. In the United States, capital expenditures were reduced and applied only to those projects which maximized the immediate value of assets. Expenditures in international areas were reduced but in Canada spending increased to expand both near and long term exploration and development opportunities in the western provinces as well as frontier areas. As a result, the Company will become one of the most active explorers in Canada.

Net income applicable to common shares in 1983 increased to $142.2 million, or $2.03 per share, from $98.9 million, or $1.43 per share, a year earlier, excluding the unusual item in 1982. The main factors contributing to the increase were the reduction in interest and finance charges brought about by lower debt and interest rates, as well as the improved performance in the natural resource segment.

In the distilled spirits segment, operating income declined due to lower sales in most world markets, which remain economically depressed, and to higher selling and general expenses. In Canada, sales continued to be adversely affected by high taxes which have increased by as much as 65 per cent over the past three years on a 25 ounce bottle of rye whisky. The industry should benefit from the economic recovery now underway, but excessive taxation remains an industry concern.

In the gas utility segment, operating income was lower due to the warm winter and depressed economic conditions. The utility would also benefit from an economic upturn, particularly in the industrial customer category.

After the year end, a share exchange was completed with Interprovincial Pipe Line Limited, the owner and operator of the longest crude oil pipeline system on the continent, making the Company the largest shareholder of Interprovincial, with a 34 per cent interest, and Interprovincial the largest shareholder of the Company, with a 16 per cent interest. The association with this financially strong company will provide growth potential and stability in earning power. The investment increases the Company's earnings per share modestly after taking into account the issuance of the additional shares and also improves the Company's financial position, principally by improving the debt to equity ratio. The Company is represented on the 15-member Interprovincial Board with five members and we look forward to having appropriate Interprovincial representation on our Board.

A more detailed description of Interprovincial is provided on page 11.

R. W. Martin, Executive Vice President of the Company and President of The Consumers' Gas Company Ltd., will stand for election to the Board at the annual meeting. Paul J. G. Kidd, Q.C., will not stand for re-election. Mr. Kidd, a former Senior Vice President of Hiram Walker-Gooderham & Worts Limited, has served the Company or its affiliates for 47 years. Appreciation is expressed for the valuable contribution he has made to the Company's progress.

The Company's success is due in large measure to its employees, shareholders and customers. The Board appreciates their continued loyalty and strong support.

On behalf of the Board of Directors:

H. Clifford Hatch
H. Clifford Hatch
Chairman

W. P. Wilder
W. P. Wilder
Deputy Chairman

November 16, 1983

Operating review

DISTILLED SPIRITS

The distilled spirits industry continued to operate in depressed economic markets throughout most of the world during 1983. High levels of unemployment and shrinking disposable consumer income combined to reduce demand, particularly for premium priced products. In some markets, higher prices resulting from increased government markups and taxes have added to the problem. The positive effects of the economic upturn underway in the United States, and to a lesser extent in Canada and some other countries, have not yet been reflected in higher volumes. Within the industry, the severity of the recession has contributed to heightened competition to maintain or improve share in a contracting market and price discounting has emerged as a prevalent practice.

Financial highlights: distilled spirits
millions

	1983	1982	1981
Operating revenue	**$1,405.7**	$1,454.8	$1,452.4
Operating income	**$ 266.6**	$ 293.8	$ 280.6
Assets	**$1,548.6**	$1,569.3	$1,540.3
Capital expenditures	**$ 23.7**	$ 52.7	$ 84.9

Although the Company's total sales, in line with the industry, were lower in 1983, the market share of most major brands was maintained or improved. The Company is well positioned to take advantage of a sustained economic upturn.

Principal brands

In the United States, sales of Kahlua continued to improve, maintaining its position as the top selling imported liqueur. In Canada, though sales were down, Kahlua also retained its position as the leading imported liqueur.

Sales volumes for Canadian Club were lower in North America, reflecting a general sales decline of higher priced premium Canadian whiskies.

Ballantine's Scotch maintained or improved its market share in major international markets. Though sales volumes decreased, Ballantine's continued to enjoy its position as the number one or two selling Scotch whisky in most European countries.

Sales of Courvoisier Cognac were also adversely affected by poor economic conditions in the important markets of North America, the United Kingdom, Europe and the Far East. Market share, however, was generally preserved. Courvoisier sales are expected to improve as more favorable conditions emerge.

Sales of Hiram Walker domestic cordials increased in the United States, despite an industry sales decline in this category for the first time in recent years. The addition of new flavors, such as Sambuca, continued to expand the choices available to the consumer and helped maintain Hiram Walker cordials as the largest selling line in the United States.

Excise tax

In Canada, the federal excise duty increased automatically by 13.3 per cent on September 1, 1983, for a cumulative increase of 46.2 per cent since the duty was indexed to retail prices in 1982. Canadian distillers individually and through their trade association are attempting to persuade the federal government to change its formula or reduce the large tax increases that it has produced. As a direct result of these tax increases, the retail price of distilled spirits has increased significantly and industry sales to consumers have declined noticeably. The Association of Canadian Distillers launched a program to inform the public and elected representatives of the threat that these taxes pose to distilled spirits companies, shareholders and employees, suppliers and other industries such as tourism.

Retail price breakdown

25 ounce bottle of rye whisky sold in Ontario

The diagram illustrates how federal and provincial government taxes and markups combine to account

for 82.4 per cent of the price of a typical 25 ounce bottle of rye whisky sold in Ontario. All manufacturing costs must be paid out of the distillers' 17.6 per cent share.

The industry has vigorously opposed attempts in the United States during the past two years to increase the federal excise tax on distilled spirits. The current Administration opposes an increase. However, future attempts to increase the tax are likely and opposition will be maintained through the industry trade association.

Operations

Early in the year, the new bottling plant at Kilmalid, near Dumbarton, Scotland, was put into production, completing the construction of a modern integrated blending and bottling facility for Scotch whisky. It is expected the facility will be adequate to meet production requirements over the next decade.

No further major capital programs are anticipated over the next few years as production facilities now rank among the industry's most modern and efficient.

Personnel

During the year, a number of appointments were made to strengthen the marketing organization. In the United States, J. F. Murphy was appointed Executive Vice President of Hiram Walker & Sons, Inc., with responsibility for the marketing of all distilled spirits products in the United States. Mr. Murphy, formerly President of W.A. Taylor & Company, which imports and sells premium products in the United States, was succeeded by J. J. Harcarufka.

L. A. Bardsley, President and Managing Director of Hiram Walker International Limited, was appointed Chairman. He was succeeded by D. J. Evans, formerly Director of Marketing. Messrs. M. Butterworth, E. P. Stahl and I. Braastad were appointed Vice Presidents.

J. D. Young became Executive Vice President of Hiram Walker & Sons Limited with responsibility for sales and marketing operations in Canada. Mr. Young replaces C. J. New who has assumed special project duties.

Anniversary

During the year, the Company observed the 125th anniversary of its founding with a series of receptions for employees and their families at selected plant and office locations. Hiram Walker, a grain merchant, established the distillery operation in Walkerville, Ontario, in 1858, which grew into one of the world's largest distilled spirits companies.

NATURAL RESOURCES

During 1983, the Company strengthened its position in Canada, rationalized operations further in the United States and pursued a more selective exploration and development program internationally.

Financial highlights: natural resources
millions

	1983	1982	1981
Operating revenue	**$ 458.7**	$ 476.6	$ 349.4
Operating income	**$ 90.8**	$ 41.9	$ 82.8
Assets	**$1,851.6**	$1,893.8	$2,076.3
Capital expenditures	**$ 145.9**	$ 207.9	$ 222.8

Canada

In Canada, increased exploration and development programs undertaken on existing properties and initiated on others by way of farmin significantly expanded the potential to add to oil and gas reserves in both the western provinces and frontier areas. The map on page 7 highlights land holdings in the western provinces, the Beaufort Sea and the Scotia Shelf off the East Coast.

Of the farmin agreements concluded during the year, the most important was with Dome Petroleum Limited. The Company will spend a minimum of $390 million over a three-year period to explore and develop 15 million net acres of land held by Dome in Canada. The Company's net outlay will be reduced substantially by federal and provincial incentive payments.

The Company's Canadian Ownership Rate, which at year end was 88 per cent, qualifies it for the maximum grants payable from the federal and provincial governments.

About two-thirds of the land is located in the western provinces where the Company will pay 40 per cent of Dome's drilling costs to earn 20 per cent of that company's share in the spacing unit containing each development well and in a maximum of nine sections surrounding each exploratory well. Of the 22 exploratory and development wells participated in by year end, 12 were oil and four were gas.

The balance of the Dome lands are located in the Beaufort Sea where six wells will be drilled. The Company will pay 15 to 35 per cent of Dome's share of the well costs to earn 7.5 to 17.5 per cent of Dome's interests in the structures drilled and approximately a five per cent interest in the remaining undrilled lands.

During 1983, drilling was conducted on two wells covered by the agreement, Siulik and Arluk, which are expected to be drilled to total depth and tested in

Working interest wells

	Year ended September 30, 1983							
	Canada		United States		Other		Total	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Exploratory								
Oil	12	6.89	1	.20	2	.55	15	7.64
Gas	6	2.29					6	2.29
Dry	16	9.25	10	3.45	5	1.60	31	14.3
	34	18.43	11	3.65	7	2.15	52	24.23
Development								
Oil	77	22.83	34	6.17	10	.20	121	29.20
Gas	35	8.08	7	2.16			42	10.24
Dry	25	6.54	22	2.09			47	8.63
	137	37.45	63	10.42	10	.20	210	48.07
Total	171	55.88	74	14.07	17	2.35	262	72.30

Gross refers to the number of wells in which a working interest is held; net is the aggregate of the amounts for each gross well multiplied by the percentage of the working interest held.

1984. The agreement permitted the Company to retain a previous 20 per cent interest in lands where two additional wells, Natiak and Havik, commenced drilling. These wells will also be drilled to total depth and tested in 1984.

The addition of Dome's Beaufort Sea lands complements an already strong presence achieved in 1982 under a farmin agreement with Esso Resources Canada Limited. Under this farmin, the Company is paying 25 per cent of Esso's share of costs to earn 12.5 per cent of its interests in 4.4 million net acres of land. At least 13 wells will be drilled over a five year period. In the Itiyok well, drilled during the year as part of the program, drillstem tests conducted on three oil and four gas zones flowed at combined rates of 5,744 barrels of oil and 65 million cubic feet of gas per day.

Another farmin concluded in 1983, also with Dome, covers 593,000 acres in the East Sable block offshore Nova Scotia. The Company will earn a 21.9 per cent interest in 45,000 acres containing the earning well, the drilling of which began in November. In addition, similar interests can be earned by drilling two other wells .

An application was filed with the Alberta Energy Resources Conservation Board during the year to proceed with a major enhanced recovery project in a portion of the Swan Hills oilfield located in northwestern Alberta. A 17.2 per cent interest is held in the field. About 70 million additional barrels of oil, 12 million net to the Company, are expected to be recovered over a 30-year period. The oil will be recovered by injecting an ethane-based mixture of light hydrocarbons into the reservoir to improve the recovery of oil left behind by the current waterflood operations. Startup is expected in 1985.

United States

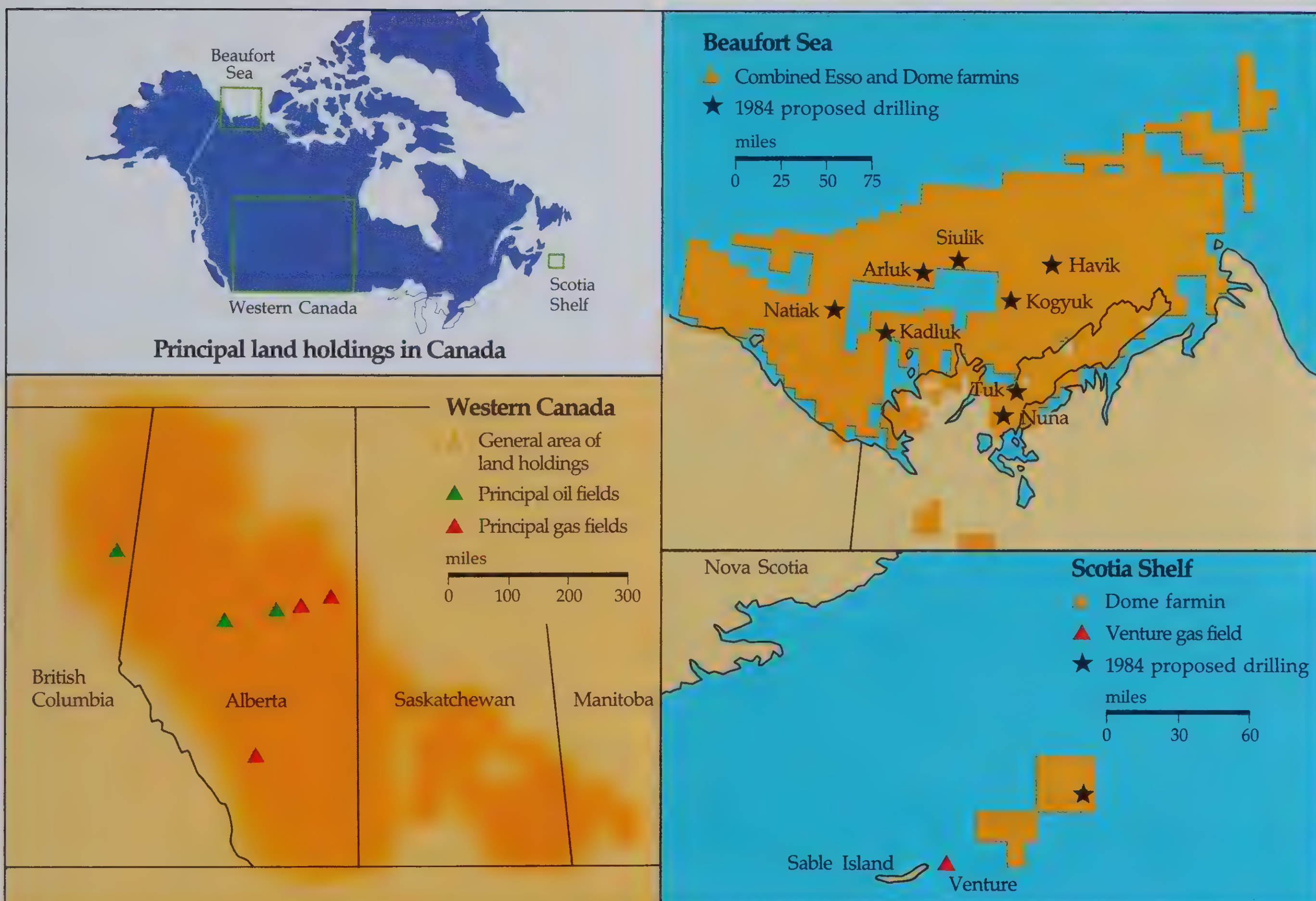
A number of steps taken during the year improved the performance of the oil and gas operations in the United States. Capital expenditures were reduced and directed only to those projects which maximized the immediate value of assets. The Company withdrew from the marketing of liquified petroleum gas as part of a plan to divest itself of marginal activities. Further savings were realized by consolidating or realigning operating functions.

A 13.5 per cent interest is held in a well drilled in Campbell County, Wyoming, which is producing at the rate of 3,200 barrels of oil and 5.5 million cubic feet of gas per day. A stepout well flowed at the rate of 2,000 barrels of oil and 3.6 million cubic feet of gas per day. At year end, three additional stepout wells were awaiting testing.

International

Expenditures in international areas were directed mainly to Australia. The 1981 Blina oil field discovery on permit EP-129 was placed on production at year end at the rate of 1,000 barrels per day. Production from the Sundown oil field, discovered on the same permit, began in November of 1983 from two wells at the initial combined rate of 250 barrels per day. Additional development drilling will be undertaken to delineate the Sundown field. A 27.5 per cent interest is held in the permit.

After the year end, the Company sold 40 per cent of its Australian energy interests, held by a wholly-owned subsidiary, through a share offering



limited to residents of Australia. In addition to raising approximately $22.5 million to fund an ongoing program, the sale satisfied the requirements of Australia's Foreign Investment Review Board.

Interests are held in a number of exploration areas in Australia. Interests ranging from 0.25 to 8.25 per cent are held in various sub-blocks of the offshore NT/P2 permit on the Northwest Shelf; a 10 per cent interest can be earned in permit ATP-299P(A), which covers 1.8 million acres in the Cooper Basin of Queensland, and a 25 per cent interest can be earned in permit WA-128-P, covering 865,000 acres offshore Western Australia. A well will be drilled on each permit in 1984. Following the drilling of an unsuccessful exploratory well, an interest in permit WA-117-P was relinquished after the year end.

Additional development wells were drilled offshore Indonesia to delineate further the Lalang oil field in the Malacca Strait. Production from the Lalang field is expected to start in mid 1984 at the initial rate of 23,000 barrels per day. A 1.95 per cent interest is held.

Production

Production of crude oil and natural gas liquids, before royalties, averaged 31,249 barrels per day in 1983 compared with 32,934 barrels per day a year earlier. The decrease resulted mainly from normal production declines in mature fields, partially offset by continued improvement in the performance of the West Eagle field in British Columbia and successful development drilling in both Canada and the United States. In Canada, crude oil qualifying for the Special Old Oil Price was reclassified on July 1, 1983, and now qualifies for the New Oil Reference Price, which is essentially the world price. Approximately 21 per cent of the Company's Canadian oil production qualifies for the New Oil Reference Price, compared with about two per cent in 1982.

Natural gas sales, before royalties, declined 18.5 per cent to 155.3 million cubic feet per day. The mild winter and lower demand, particularly in the United States, were contributing factors.

Though natural gas sales to the United States were

expected to increase due to the startup of the eastern leg of the Alaska Highway Gas Pipeline Project, gas exports in 1983 were only 45 per cent of authorized export volumes. In an effort to stimulate additional sales to the United States, the Canadian government reduced the export price by 11 per cent and introduced a one-year volume related incentive price. Furthermore, the federal and provincial governments are examining additional initiatives to increase domestic sales in Canada.

Production summary

	1983	1982	1981
Crude oil and liquids (barrels per day)			
Canada	**25,811**	26,664	27,908
United States	**5,438**	6,255	4,462
Other		15	
Total	**31,249**	32,934	32,370
Natural gas (millions of cubic feet per day)			
Canada	**96.7**	108.3	106.5
United States	**58.6**	82.2	59.3
Total	**155.3**	190.5	165.8

Reserves

In 1983, the Company was able to replace over 85 per cent of its crude oil and natural gas liquids production through reserve additions and net upward revisions resulting from drilling and improved reservoir performance.

Proved reserves(1)

	1983	1982	1981
Crude oil and natural gas liquids (millions of barrels)			
Canada	**101.7**	104.9	117.7
United States	**13.2**	11.6	13.3
Other	**1.5**	1.5	
Total	**116.4**	118.0	131.0
Natural gas (billions of cubic feet)			
Canada	**944.0**	913.0	949.0
United States	**145.0**	128.0	159.0
Total	**1,089.0**	1,041.0	1,108.0

(1) Before the deduction of royalties.

Total proved reserves of crude oil and natural gas liquids, before royalties, declined marginally to 116.4 million barrels in 1983 from 118.0 million barrels in 1982. In Canada, additions from successful development activities were insufficient to offset production, whereas in the United States additions and net upward revisions exceeded production.

Total proved reserves of natural gas, before royalties, increased by five per cent to 1,089 billion cubic feet, as additions through successful drilling and net upward revisions more than offset production.

Proved reserves are the estimated quantities of crude oil and natural gas liquids, and natural gas which geological and engineering data demonstrate with reasonable certainty to be economically recoverable in future years from known reservoirs under existing operating and economic conditions.

Land holdings (acres) at September 30, 1983

	Gross	Net
Canada		
Alberta	4,747,911	1,522,906
Arctic Islands	4,752,519	350,400
Beaufort/Mackenzie Delta	995,533	153,223
British Columbia	1,250,908	333,344
East Coast offshore	1,972,884	147,966
Newfoundland	5,565,586	278,617
Saskatchewan	839,886	729,847
Other	1,090,371	302,457
	21,215,598	3,818,760
United States		
Alaska	106,512	105,528
Montana	1,501,255	490,382
North Dakota	661,550	136,950
Texas	402,190	66,223
Wyoming	1,043,617	327,852
Other	1,066,926	388,573
	4,782,050	1,515,508
International		
Australia	6,751,128	877,699
Guyana	1,496,320	1,077,350
Indonesia	2,946,732	57,461
Other	437,083	41,335
	11,631,263	2,053,845
Total	37,628,911	7,388,113

GAS UTILITY

Total volumes of gas sold in 1983 decreased 8.0 per cent to 284.1 billion cubic feet, due principally to the mild winter and to a lesser extent to the continued adverse impact of the recession.

Financial highlights: gas utility
millions

	1983	1982	1981
Operating revenue	**$1,538.4**	$1,428.4	$1,099.0
Operating income	**$ 180.3**	$ 188.1	$ 112.6
Assets	**$1,439.4**	$1,500.5	$1,301.6
Capital expenditures	**$ 93.0**	$ 97.8	$ 96.1

Despite the lower level of economic activity, the number of customers served by the utility continued to grow, though not at a rate as high as that experienced in recent years. The number of customers served increased by 35,753, bringing the total number of active customers to a record 759,911.

All market sectors—residential, commercial and industrial—contributed to the volume decline.

In the residential sector, which accounted for 27.5 per cent of total sales volumes, the benefit of customer additions was offset by the warm weather. Conversions from oil to gas totalled 12,417 compared with 25,107 in 1982, but customer additions from new housing starts improved to 20,323 from the 14,646 achieved in 1982, reflecting greater buoyancy in the housing industry. Natural gas service continues to be installed in more than 85 per cent of new homes constructed within the franchised area.

Gas sales
millions of cubic feet

	1983	1982	1981
Residential	**78,144**	87,949	81,121
Commercial	**106,709**	115,598	109,205
Industrial	**99,239**	105,283	106,535
Total	**284,092**	308,830	296,861

Sales revenue
thousands

	1983	1982	1981
Residential	**$ 500,962**	$ 478,574	$ 342,618
Commercial	**530,017**	484,897	370,601
Industrial	**459,745**	416,826	343,613
Total	**$1,490,724**	$1,380,297	$1,056,832

Both the commercial sector, which accounted for 37.6 per cent of sales, and the industrial sector, which accounted for the remaining 34.9 per cent, continued to suffer from depressed economic conditions and consequent reduced demand.

A full line of gas and other appliances are retailed through 17 stores in franchised areas. In 1983, merchandising revenue, boosted by the temporary removal of the Ontario Retail Sales Tax, increased 22 per cent to $13.8 million.

Supply

Long term purchase contracts are entered into to secure natural gas supplies for existing customers and to provide for orderly growth in future years. Substantially all requirements are purchased from TransCanada PipeLines Limited which, in turn, obtains its supplies from abundant reserves in western Canada, principally Alberta. Purchases of natural gas from Ontario producers and Company-owned reserves supplement supply.

The contracts with TransCanada provide for annual deliveries of up to 309 billion cubic feet, subject to the Company's right to reduce total contract volumes by nine billion cubic feet in any contract year. This right has been exercised since 1980 and will be exercised for the 1984 contract year.

As a result of the inability to take complete delivery in 1983 of the reduced annual contracted volume, the Company paid TransCanada $20.0 million for the fixed cost component of its price and entered into a contract with that company which provides the opportunity to apply the payment against purchases in future years. It is anticipated the relevant volumes of gas will be delivered by TransCanada from April of 1985 to October of 1987.

Pricing

The cost of gas purchased at the Toronto City Gate increased one per cent to $4.134 per thousand cubic feet in 1983, compared with a 28.5 per cent increase a year earlier. The smaller increase resulted from changes to the federal and Alberta government pricing agreement which establishes the price paid by the Company.

The price paid comprises the Alberta Border Price (a commodity cost), the TransCanada transportation toll, and two federal excise taxes, the Canadian Ownership Special Tax, and the Natural Gas and Gas Liquids Tax. On June 30, 1983, the federal and Alberta governments amended their 1981 pricing agreement. The price of old oil was frozen until the end of 1984, provided world oil prices do not change significantly. Provisions were included to ensure the Toronto City Gate price of natural gas does not exceed 65 per cent

of the Toronto Refinery Gate price of crude oil. To meet this ratio, the federal government will adjust the Natural Gas and Gas Liquids Tax to zero, if necessary, and pay part of any increases in TransCanada's transportation tariff. If further measures are required, Alberta agreed to forego all or a portion of the Alberta Border Price increases scheduled for February and August of 1984. Thereafter, the Alberta Border Price will continue to escalate semi-annually as provided for in the 1981 agreement.

Regulation

In Ontario, the rates charged to customers result from public hearings before the Ontario Energy Board which determine the utility's rate base and a fair rate of return on this investment.

On January 26, 1983, the Board allowed a rate of return on the rate base of 12.52 per cent which provided for a return on common equity of 15.75 per cent. By applying the allowable return to the 1983 average net investment in Ontario utility assets of $1,156 million, the Board found that the Company was entitled to a revenue increase of $20 million which was granted by way of an interim increase effective December 20, 1982.

In April of 1983, evidence was filed for approval of a revenue increase of $28 million, subsequently reduced to $19 million, to recover expected increases in the cost of providing service during 1984. On November 3, 1983, the Board determined that the allowable rate of return for 1984 should be 12.8 per cent on the rate base, including a return to the common shareholder of 15.3 per cent. By applying the allowable return to the average net investment in the rate base, which was estimated to be $1,212 million for the year ended September 30, 1984, the Board found that current customer rates would generate the allowable rate of return. As a result, no increase in rates was allowed.

The Board disallowed the recovery through higher 1984 rates of $13.2 million related to the fixed cost component of contracted gas volumes not taken in 1983. As discussed under the caption, "Supply", the Company has entered into a contract with TransCanada to offset this cost against future deliveries of additional volumes of gas.

INTERPROVINCIAL PIPE LINE

Interprovincial Pipe Line Limited, organized in 1949 to transport the extensive oil reserves discovered in Alberta to eastern markets, has grown into the longest crude oil and liquid hydrocarbon pipeline system on the North American continent, utilizing some 6,000 miles of pipe and extending 2,300 miles from Edmonton to Montreal.

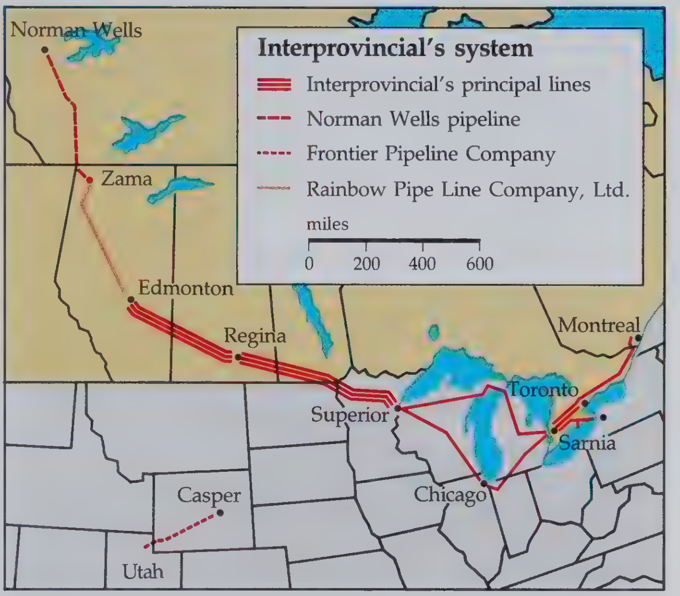
Interprovincial's system consists of three parallel lines of pipe from Edmonton to Superior, Wisconsin, and two lines from this point to Sarnia, Ontario, one via the Strait of Mackinac, the other via Chicago. Extension lines from Sarnia serve other Ontario and Montreal refineries, as well as those in the Buffalo area of New York State.

Production in Canada is received from all the principal oilfields in Alberta, Saskatchewan and Manitoba. United States domestic production is received at locations in Minnesota, Michigan and Indiana. In addition, offshore oil is received in Indiana.

In Canada, Interprovincial is regulated by the National Energy Board. In the United States, Interprovincial's wholly-owned subsidiary, Lakehead Pipe Line Company, Inc., is regulated by the Federal Energy Regulatory Commission.

Interprovincial has potential to grow in both pipeline and non-pipeline areas.

This winter, construction will begin on a 12 inch diameter line from the Norman Wells oilfield in the Northwest Territories to join the line of another company, Rainbow Pipe Line Company, Ltd., at Zama, Alberta, some 538 miles south. Cost of the project is estimated to be $450 million. In addition,



Interprovincial is a 35 per cent partner of Frontier Pipeline Company which is completing a $60 million, 290 mile line from Utah to Casper, Wyoming.

As as result of the share exchange, Interprovincial is able to acquire a Canadian business or establish a new business without being subject to the Foreign Investment Review Act. As well, should Interprovincial diversify into the natural resource business it would be eligible for greater exploration and development incentive grants under The National Energy Program.

The strong financial performance of Interprovincial is illustrated in the table below.

Financial highlights

	Nine months ended September 30		Year ended December 31				
	1983	1982	1982	1981	1980	1979	1978
	(millions except per share amounts)						
	(unaudited)						
Revenue	$318.5	$281.7	$386.7	$327.4	$321.1	$330.8	$294.5
Expenses	(180.2)	(167.5)	(232.1)	(214.6)	(220.2)	(217.0)	(195.8)
Income taxes	(72.5)	(59.4)	(79.9)	(56.4)	(52.2)	(58.3)	(51.9)
Net income	$ 65.8	$ 54.8	$ 74.7	$ 56.4	$ 48.7	$ 55.5	$ 46.8
Net income per share	$ 2.55	$ 2.13	$ 2.90	$ 2.19	$ 1.90	$ 2.17	$ 1.83
Dividends per share	$ 1.20	$ 1.125	$ 1.60	$ 1.50	$ 1.50	$ 1.475	$ 1.35
Assets	$957.2	$849.4	$857.4	$823.0	$828.3	$840.9	$850.1

Financial review

The following discussion of the results of operations and financial position of the Company for the three year period ended September 30, 1983, should be read in conjunction with the consolidated financial statements and related notes, the supplementary information, and the five year financial and operating review.

As announced at the end of the first quarter, the accounting policy for foreign currency translation was changed prospectively to conform with the recommendations of the Canadian Institute of Chartered Accountants (''CICA''). (see note 3 to the consolidated financial statements)

Results of operations

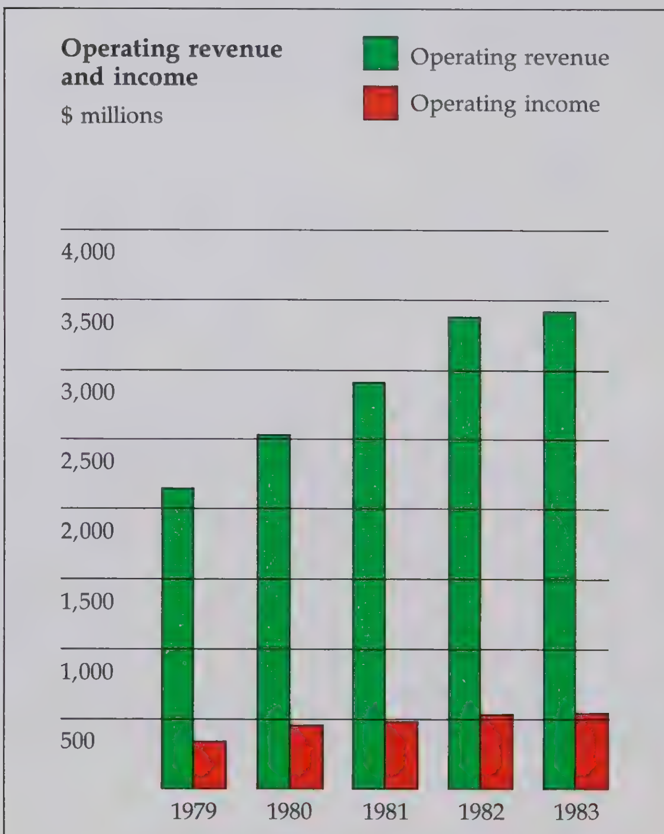
In 1983, net income applicable to common shares was $142.2 million, compared with the 1982 loss applicable to common shares of $78.0 million and the 1981 net income of $222.3 million. Excluding a 1982 provision for impairment of United States natural resource properties of $177.0 million and a 1981 non-recurring United Kingdom tax benefit of $37.0 million, net income applicable to common shares would have been $98.9 million in 1982 and $185.3 million in 1981.

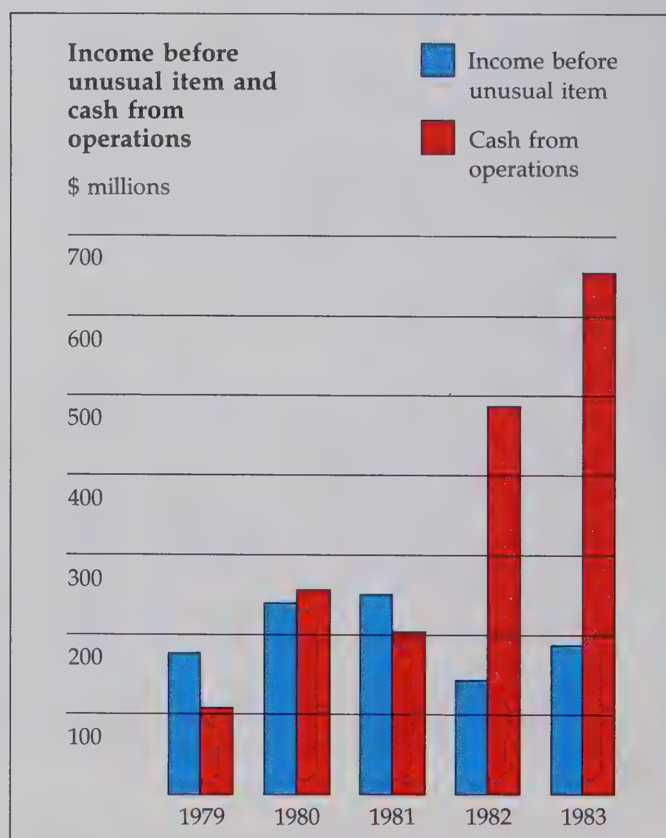
The improvement of $43.3 million in 1983 was primarily attributable to a significant reduction in interest and finance charges, lower effective income tax rates and increased operating income in the natural resources segment. The increase in income was partially offset by lower operating incomes in the distilled spirits and gas utility segments, as well as an increased minority interest.

In 1982, the decline of $86.4 million occurred primarily in the natural resources segment with the impact of a full year's operations of the United States properties acquired in March of 1981, the related financing costs, and the $32.2 million charge to operating income of all exploration expenditures incurred in Guyana. The unfavourable effect of these factors, however, was mitigated by significantly higher earnings of the gas utility segment.

Distilled spirits

During the past three years, operating revenues remained relatively unchanged as the impact of higher selling prices in most markets was offset by lower volumes and the changes in foreign currency translation rates applied to the sales of European subsidiaries. In 1983, increases in selling prices were





generally restricted to markets outside North America. The prevailing economic environment and the resulting competitive conditions have adversely affected operations.

Operating revenue
millions

	1983	1982	1981
Distilled spirits	**$1,405.7**	$1,454.8	$1,452.4
Natural resources	**458.7**	476.6	349.4
Gas utility	**1,538.4**	1,428.4	1,099.0
Total	**$3,402.8**	$3,359.8	$2,900.8

Sales volumes of Kahlua continued to increase in 1983. Although sales volumes of other principal brands declined modestly, market share was generally maintained.

After modest increases in 1981 and 1982, operating income declined by $27.2 million in 1983, primarily as a result of lower gross profit and increased selling and general expenses.

Natural resources

Operating revenue declined in 1983 as a result of significantly reduced volumes and the phase-out of the LPG marketing operations in the United States, offset in part by higher prices for crude oil and natural gas and reductions in Crown royalties. In 1982, operating revenues increased primarily because of higher prices for crude oil and natural gas as well as the impact of the full year's operations of the United States oil and gas properties acquired in 1981.

In 1983, despite a revenue decline, operating income improved considerably due to lower depletion charges resulting primarily from lower production volumes. Reduced general expenses in the United States, resulting from administrative efficiencies, offset a gross profit decline. Operating income in 1982

Operating income
millions

	1983	1982	1981
Distilled spirits	**$ 266.6**	$ 293.8	$ 280.5
Natural resources	**90.8**	41.9	82.8
Gas utility	**180.3**	188.1	112.6
Total	**$ 537.7**	$ 523.8	$ 475.9

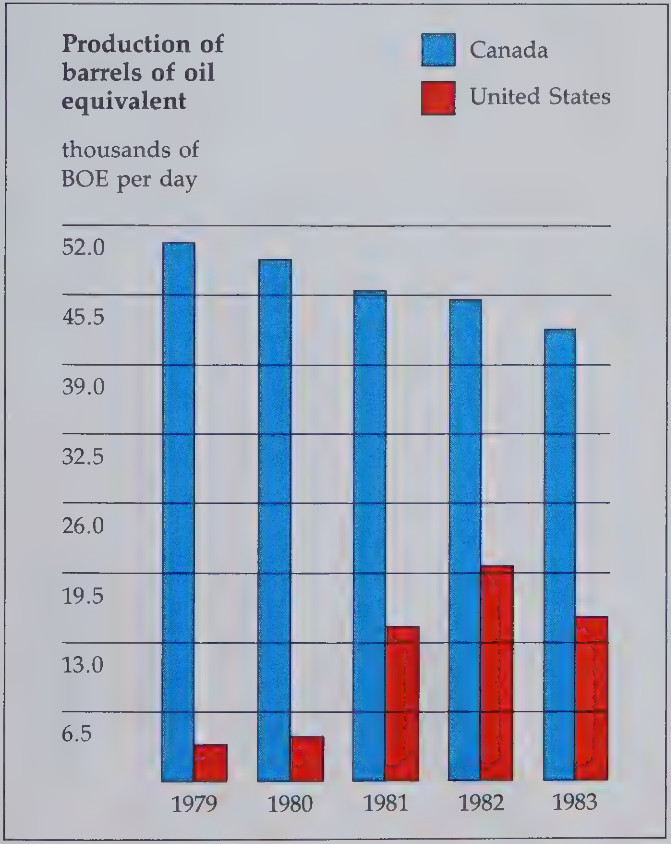
declined as a result of the $32.2 million charge of all expenditures incurred in Guyana as well as the effect of a full year's depletion of a larger investment in natural resource properties.

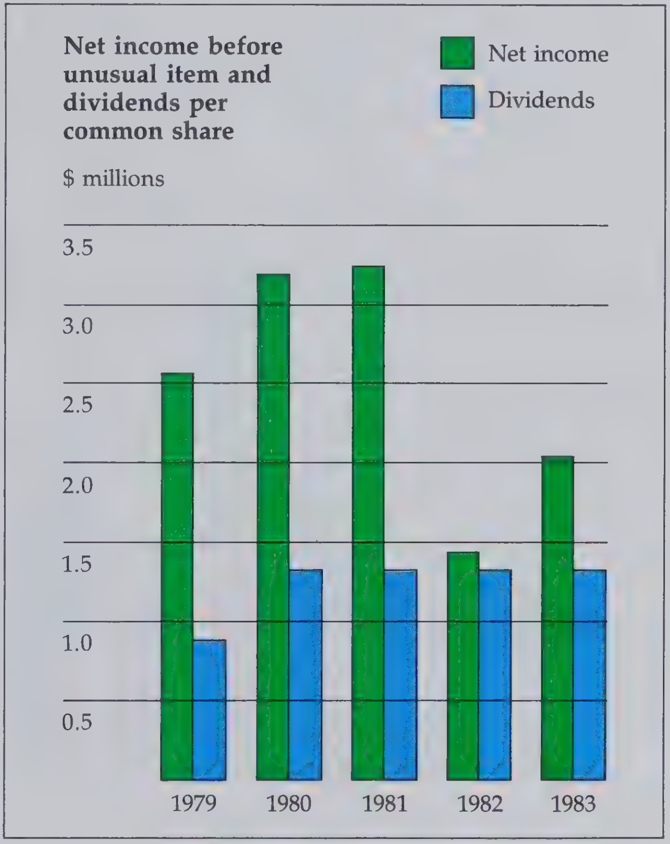
Gas utility

Operating revenues increased during the three year period ended September 30, 1983, due mainly to the expeditious approval from the Ontario Energy Board to recover in rates the higher cost of purchasing natural gas, including higher transportation tariffs.

However, in 1983, operating income declined as a result of reduced sales volumes. Volumes were adversely affected by the exceptionally mild heating season and the impact of the economic recession on industrial customers which more than offset the effects attributable to an increased number of customers and higher rates.

In 1982, rate relief and increased gas sales volumes were the primary factors responsible for the increase in operating income. The higher sales volumes were





due to the very cold weather and additional customers.

Interest and finance charges

Interest and finance charges decreased significantly to $213.4 million in 1983 from $269.0 million in 1982. Lower average interest rates for short term debt and overall lower average borrowing levels contributed to the decline. In addition, foreign exchange gains arose from the retirement of sterling denominated debt and from the amortization of unrealized foreign exchange gains on other foreign currency denominated long term debt. The increase in expense in 1982 over 1981 levels primarily reflected a full year's impact of the 1981 acquisition of natural resource properties, and the issue of additional utility debt.

Income taxes

Despite a significant increase in 1983 income, income taxes remained relatively unchanged from 1982. The reduction in the effective income tax rate was attributable in part to increased income in foreign subsidiaries with lower tax rates, as well as to an increase in tax-deductible items as a percentage of income in the gas utility segment.

Income taxes increased to $135.7 million in 1982 from $98.7 million in 1981, excluding a non-recurring credit of $37.0 million in 1981. The increase reflects higher effective tax rates, resulting primarily from the unfavorable impact of foreign currency translation rates in the distilled spirits segment, increased earnings and the application in 1981 of previous years' tax losses in the gas utility segment. The increase was offset partially by losses incurred in the United States natural resources segment.

Foreign currency translation

In applying the new accounting policy for foreign currency translation, adjustments arising upon the translation of foreign subsidiaries' financial statements are now generally excluded from income. These adjustments, referred to as cumulative translation adjustments, are included as a separate component of shareholders' equity.

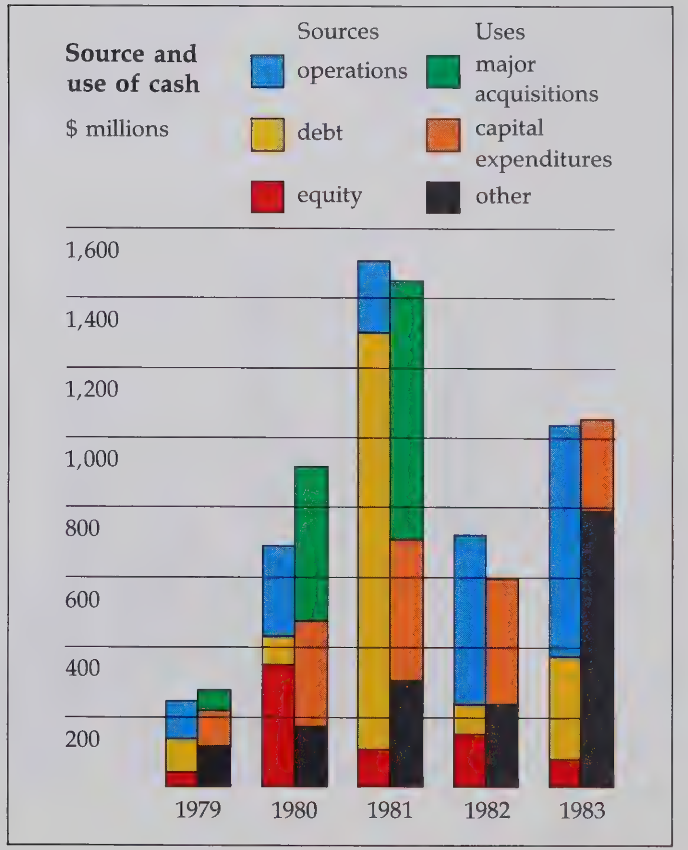
The initial reduction in shareholders' equity of $85.7 million increased to $147.0 million by September 30, 1983, due to the strengthening of the Canadian dollar relative to the French franc and the British pound. The future impact on shareholders' equity will vary with the fluctuations in the value of the Canadian dollar.

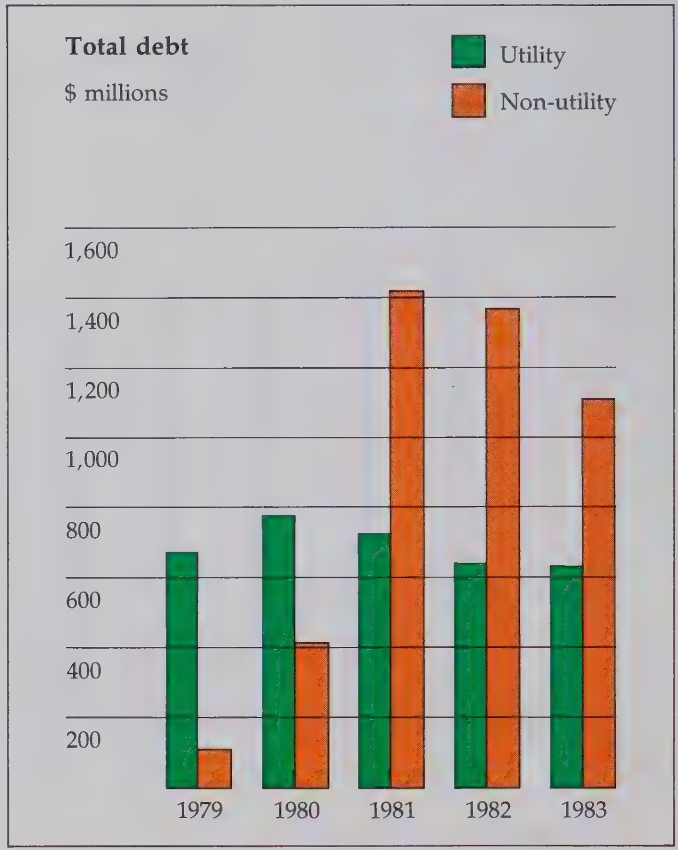
The foreign currency translation gain in 1982 of $9.6 million arose principally from a modest decrease in the value of the French franc and the increase in the value of the United States dollar relative to the Canadian dollar. The gain in 1981 of $24.5 million arose from significant changes in the value of foreign currencies relative to the Canadian dollar.

Inflation

Inflation, though moderating in 1983, continued to have an impact on operations. However, the Company's financial statements are based on historical costs and do not reflect the full impact of inflation and changing prices. Although historical cost provides a basic measure of financial results, the matching of current revenues with the amortization of the original cost of assets generally overstates earnings during periods of inflation.

In recognition of this deficiency in historical cost





financial statements, the CICA issued recommendations for reporting the effects of changing prices, effective for fiscal periods commencing on or after January 1, 1983.

In the distilled spirits business, inflation continued to affect operating costs and expenses in all areas. Competitive conditions permitting, selling prices will continue to be adjusted to maintain profit margins.

In the Canadian natural resource business, where prices are established by federal and provincial government, prices have increased steadily in recent years, but remain substantially below world price at the producer level. At the same time, operating and capital costs have escalated rapidly.

The main portion of the gas utility business is regulated by the Ontario Energy Board and the impact of inflation on operating costs is reflected in the regulatory process. This enables the Company to react to inflation and price on a timely basis.

Financial position

During 1983, the program to reduce debt, particularly in the non-utility operations, was continued. In addition, as a number of debt issues cannot be repaid prior to maturity, the Company invested accumulated cash resources in interest-bearing securities to be used generally for satisfying the debt service and repayment requirements of these issues. The combination of debt retirement and the accumulation of cash and investments available for the eventual retirement of debt resulted in a reduction of approximately $260 million in the net borrowing position of the non-utility operations.

This improvement was derived generally from the increase in cash generated from operations, due primarily to reduced working capital requirements, the reduction in capital expenditures and the receipt of $12.1 million from shareholders in response to the Stock Dividend, Dividend Reinvestment and Stock Purchase Plan.

In 1982, the recovery of United States income taxes paid in prior years, which resulted from the application of the operating losses in the United States natural resource segment, as well as reduced working capital requirements, contributed to the increase in cash from operations over 1981 levels.

Capital expenditures were significantly reduced in 1983 by $95.9 million to $262.5 million. In the natural resources segment, spending decreased in the United States and internationally but increased in Canada as a result of the Dome and Esso farmin programs. Major capital projects in the distilled spirits segment were completed in early 1983.

Capital expenditures will increase modestly in the natural resources segment during 1984 as a result of the Dome farmin.

The cash from operations of the distilled spirits and natural resources segments in 1984 should be sufficient to cover both planned capital expenditures and dividend requirements as well as provide excess funds with which to further reduce the level of non-utility borrowings.

The gas utility during the past two years has independently financed its expansion. In 1982, the utility issued three million common shares to the public, representing approximately 10 per cent of the total shares outstanding. Additional preference shares and long term debt were issued during 1982 and 1983.

In October of 1983, the Company issued 13.6 million shares in exchange for the same number of common shares of Interprovincial Pipe Line Limited. This transaction, along with the program to reduce overall debt, will enable the Company to achieve a more conservative debt to equity ratio.

It is expected that the cash requirements of the Company, which are primarily dividend payments to its shareholders, will be satisfied from dividends paid from earnings of the operating subsidiaries. The payment of dividends to the Company by one of its principal subsidiaries, Walker-Home Oil Ltd., is subject to certain restrictions described in note 16(a) to the consolidated financial statements. These restrictions, at September 30, 1983, limit transfer of funds to the Company to future consolidated net income of that subsidiary plus $347.8 million.

Outlook

Management's discussion of the outlook for the Company is incorporated in the report to shareholders on page 3 of this report.

Statement of responsibility and auditors' report

Management's responsibility for financial statements

The accompanying consolidated financial statements of the Company were prepared by management in accordance with accounting principles generally accepted in Canada applied, except for the change in the method of accounting for foreign currency translation (see note 3, page 22), on a basis consistent with that of the preceding years. The significant accounting policies, which management believes are appropriate for the Company, are described in the accompanying Summary of Significant Accounting Policies. The financial information contained elsewhere in this annual report is consistent with that in the financial statements.

Management is responsible for the integrity and objectivity of the financial statements. In the preparation of these statements, estimates are sometimes necessary when transactions affecting the current accounting period cannot be finalized with certainty until future periods. Management believes such estimates are based on careful judgements and have been properly reflected in the accompanying consolidated financial statements. Management has established systems of internal control which are designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use and to produce reliable accounting records for the preparation of financial information.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board is assisted in this responsibility by the Audit Committee of the Board, which comprises directors who are not employees of the Company. The Committee meets with management as well as with the internal and external auditors to satisfy itself that each group is properly discharging its responsibilities and to review the financial statements and the independent auditors' report. The Committee reports its findings to the Board for consideration in approving the financial statements for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards and applicable laws and the maintenance of proper standards of conduct in its activities.

H. Clifford Hatch
Chairman

A. R. McCallum
Senior Vice President and
Chief Financial Officer

Auditors' report

To the Shareholders of Hiram Walker Resources Ltd.

We have examined the consolidated balance sheets of Hiram Walker Resources Ltd. as at September 30, 1983 and 1982 and the consolidated statements of income, retained earnings and changes in financial position for each of the three years in the period ended September 30, 1983. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Company as at September 30, 1983 and 1982 and the results of its operations and the changes in its financial position for each of the three years in the period ended September 30, 1983 in accordance with generally accepted accounting principles in Canada applied, except for the change, with which we concur, in the method of accounting for foreign currency translation as explained in note 3 to the consolidated financial statements, on a basis consistent with that of the preceding years.

Toronto, Canada
November 16, 1983

Price Waterhouse
Chartered Accountants

Summary of significant accounting policies

Hiram Walker Resources Ltd.

The Company's accounting policies, which conform with accounting principles generally accepted in Canada, are summarized below:

Principles of consolidation

The consolidated financial statements include the accounts of the Company and all of its subsidiary companies. The principal subsidiary companies are listed on page 44.

Substantially all of the Company's natural resource activities are conducted jointly with others. These financial statements reflect the Company's proportionate interest in such activities. Investments in companies over which the Company exercises significant influence are accounted for on the equity method. Other investments are stated at cost.

Inventories

Inventories are stated at amounts not exceeding manufactured or purchased cost. They include substantial quantities of whiskies and cognac which will remain in storage over a period of years, but are classified as current assets in accordance with the general practice of the distilling industry.

Property, plant and equipment

Property, plant and equipment is stated at cost. Normal retirements of assets are recorded by relieving the asset account for the cost of the asset and charging this amount, net of any proceeds, to accumulated depreciation or depletion. Upon retirement or sale of major items of property, the asset accounts are relieved of the cost of such property together with accumulated depreciation or depletion. The difference between the depreciated value of such major items and the proceeds, if any, is included in income.

Maintenance and repair expenditures are charged to cost of production or other expense accounts. Costs of improvements which increase the service capacity or prolong the service life of the asset are capitalized.

Interest is capitalized on costs of acquiring and evaluating individually significant unproved properties and major development projects during the period of exploration and development and on costs incurred during construction of major additions to property, plant and equipment.

Depreciable property, plant and equipment (except for certain petroleum production equipment) is depreciated on a straight line basis at rates varying from 2.5% to 10% for buildings, 1.6% to 7.5% for utility plant and 1.9% to 30% for other equipment. Production equipment used in petroleum operations is depreciated using the unit of production method.

The Company follows the full cost method of accounting for oil and gas operations whereby all exploration and development costs are capitalized and charged against income as set out below. Capitalized costs include land acquisition costs, geological and geophysical costs, lease rentals and related charges applicable to non-producing property, costs of drilling both productive and non-productive wells and overhead charges related to exploration and development activities. Such costs are generally limited to the future net revenues from estimated production of proved reserves at current prices and costs and the estimated fair market value of unproved properties. A separate cost centre is established for each country in which the Company is engaged in exploration or production activities. Such costs are depleted using the unit of production method based upon estimated proved reserves, as determined by independent and company petroleum engineers. Natural gas reserves and production are converted to equivalent barrels of crude oil based on the relative energy content. Costs of acquiring and evaluating significant unproved properties and costs of major development projects are excluded from the computation of depletion until such time as additional reserves are proved, the project is complete or an impairment in value has occurred.

Foreign currency translation

The accounts of foreign subsidiaries are translated into Canadian dollars on the following basis: Assets and liabilities are translated into Canadian dollars using exchange rates at the balance sheet dates. Translation adjustments are reflected in shareholders' equity. Revenue and expense items are translated using the average rates of exchange throughout the year.

Transactions in a currency other than a domestic currency are translated into that domestic currency on the following basis: At the transaction date, each asset, liability, revenue or expense is translated using exchange rates in effect at that date. At each balance sheet date, monetary assets and liabilities are translated using exchange rates at that date. Foreign exchange gains and losses are included in income in the current period, except for unrealized gains and losses related to monetary items with a fixed or ascertainable life extending beyond the end of the following fiscal year. These unrealized gains and losses are deferred and subsequently included in income over the remaining life of the assets and liabilities. (see note 3, page 22, change in accounting policy)

Pension plans

The Company has various pension plans covering a majority of its employees. The plans, certain of which require contributions by participating employees, provide pension benefits at normal retirement age. Unamortized prior years' service costs for these plans are being funded and charged to operations over periods varying from 5 to 30 years.

Consolidated statement of income

Hiram Walker Resources Ltd.

	Year ended September 30		
	1983	1982	1981
	(Expressed in thousands except per share amounts)		
Revenue			
Distilled spirits	**$1,405,668**	$1,454,769	$1,452,412
Natural resources	**458,723**	476,566	349,386
Gas utility	**1,538,435**	1,428,427	1,099,049
	3,402,826	3,359,762	2,900,847
Operating costs and expenses			
Cost of sales			
Distilled spirits	**770,942**	812,143	810,817
Natural resources	**150,411**	160,408	130,021
Gas utility	**1,248,188**	1,136,176	898,083
Selling and general	**445,577**	433,747	420,038
Depletion and depreciation	**250,037**	293,517	165,962
	2,865,155	2,835,991	2,424,921
Operating income	**537,671**	523,771	475,926
Other income	**22,055**	22,398	29,154
Interest and finance charges, net (notes 3 and 11)	**(213,394)**	(268,998)	(209,314)
Income before undernoted items	**346,332**	277,171	295,766
Income taxes (note 13)	**(137,826)**	(135,681)	(61,656)
Foreign currency translation gain (note 3)		9,645	24,540
Minority interest	**(22,478)**	(8,925)	(8,589)
Income before unusual item	**186,028**	142,210	250,061
Provision for impairment – United States natural resource properties, net of deferred income taxes of $99,106 (note 6)		(176,985)	
Net income (loss)	**186,028**	(34,775)	250,061
Dividends on preference shares	**43,820**	43,271	27,752
Net income (loss) applicable to common shares			
Before unusual item	**$ 142,208**	$ 98,939	$ 222,309
Including unusual item	**$ 142,208**	$ (78,046)	$ 222,309
Net income (loss) per common share			
Before unusual item			
Basic	**$ 2.03**	$ 1.43	$ 3.23
Fully diluted	**$ 2.01**	$ 1.43	$ 3.02
Including unusual item			
Basic	**$ 2.03**	$ (1.13)	$ 3.23
Fully diluted	**$ 2.01**	$ (1.13)	$ 3.02
Weighted average number of common shares outstanding	**70,048**	69,217	68,881

Consolidated balance sheet

Hiram Walker Resources Ltd.

	September 30 **1983**	1982
	(Expressed in thousands)	
Assets		
Current assets		
Cash and short term investments	**$ 142,441**	$ 202,090
Income taxes recoverable	**13,894**	73,250
Accounts receivable	**464,787**	524,165
Inventories (notes 3 and 4)	**1,049,078**	1,196,407
Prepaid expenses	**35,069**	40,951
	1,705,269	2,036,863
Investments (note 5)	**318,046**	134,423
Property, plant and equipment (note 6)	**2,739,303**	2,742,737
Other assets and deferred charges	**76,958**	49,529
	$4,839,576	$4,963,552
Liabilities and shareholders' equity		
Current liabilities		
Loans and notes payable (note 7)	**$ 338,826**	$ 382,519
Income and other taxes payable	**117,016**	148,542
Accounts payable and accruals	**394,654**	382,852
Dividends payable	**35,043**	34,175
Current portion of long term debt	**25,434**	25,932
	910,973	974,020
Deferred production revenue	**37,846**	25,804
Long term debt (note 7)	**1,620,647**	1,722,320
Deferred foreign exchange gain (note 3)	**22,091**	
Deferred income taxes (note 13)	**339,026**	308,959
Minority interest	**102,010**	90,186
Preference shares of subsidiary companies (note 8)	**183,133**	138,945
Subsequent event (note 2)		
Commitments and contingencies (note 16)		
Shareholders' equity		
Capital stock (notes 9 and 10)		
Preference shares	**507,920**	508,497
Common shares	**184,804**	165,088
Cumulative translation adjustments (note 3)	**(146,961)**	
Retained earnings	**1,079,850**	1,032,194
	1,625,613	1,705,779
Deduct common shares held by Trustees at cost (note 10)	**1,763**	2,461
	1,623,850	1,703,318
	$4,839,576	$4,963,552

Approved by the Board:

H. Clifford Hatch, Director

Gordon C. Gray, Director

Consolidated statement of changes in financial position

Hiram Walker Resources Ltd.

	Year ended September 30 1983	1982	1981
	(Expressed in thousands)		
Cash was obtained from			
Operations			
Income before unusual item	**$ 186,028**	$ 142,210	$ 250,061
Charges (credits) not affecting cash			
Depletion and depreciation	**250,037**	293,517	165,962
Deferred income taxes	**42,606**	120,713	(1,175)
Minority interest	**22,478**	8,925	8,589
Other	**(14,288)**	(109)	(1,845)
Changes in other working capital	**177,503**	(80,537)	(218,649)
	664,364	484,719	202,943
Cash was used for			
Dividends			
By the Company	**136,786**	134,718	118,655
By subsidiaries to minority shareholders	**14,615**	6,018	2,078
	151,401	140,736	120,733
Cash remaining for investment	**512,963**	343,983	82,210
Investment			
Acquisition of United States natural resource properties			736,987
Property, plant and equipment	**262,499**	358,413	403,798
Increase in cumulative translation adjustments (note 3)	**58,346**		
Increase in other items, net	**22,694**	3,455	514
	343,539	361,868	1,141,299
Cash (deficiency) before financing	**169,424**	(17,885)	(1,059,089)
Financing			
Issue of long term debt on acquisition of United States natural resource properties			758,834
Issue of other long term debt	**291,571**	83,428	430,810
Issue of preference and common shares of subsidiary company	**57,593**	92,000	
Issue of preference and common shares	**19,139**	56,135	104,730
Reduction in long term debt	**(369,018)**	(87,038)	(178,381)
Purchase of securities for debt repayment (notes 5 and 7)	**(184,665)**		
	(185,380)	144,525	1,115,993
Increase (decrease) in cash*	**$ (15,956)**	$ 126,640	$ 56,904

*For the purposes of this statement, cash is defined as cash and short term investments less loans and notes payable.

The 1982 and 1981 data has been reclassified to conform with the cash flow basis now being used. In prior years, a consolidated statement of changes in financial position on a working capital basis was presented.

Consolidated statement of retained earnings

Hiram Walker Resources Ltd.

	Year ended September 30 **1983**	1982	1981
	(Expressed in thousands)		
Balance at beginning of year	**$1,032,194**	$1,206,338	$1,079,975
Net income (loss)	**186,028**	(34,775)	250,061
Other	**110**	333	130
	1,218,332	1,171,896	1,330,166
Deduct			
Dividends			
Preference shares	**43,820**	43,271	27,752
Common shares	**92,966**	91,447	90,903
Share issue expenses, net of income taxes	**1,696**	4,984	5,173
	138,482	139,702	123,828
Balance at end of year	**$1,079,850**	$1,032,194	$1,206,338

Consolidated changes in other working capital

	Year ended September 30 **1983**	1982	1981
	(Expressed in thousands)		
Income taxes recoverable	**$ 59,356**	$ (35,059)	$ (38,191)
Accounts receivable	**59,378**	(80,405)	(90,479)
Inventories (note 3)	**71,743**	(59,014)	(159,152)
Prepaid expenses	**5,882**	10,676	(17,009)
Income and other taxes payable	**(31,526)**	52,348	39,625
Accounts payable and accruals	**11,802**	26,514	46,527
Dividends payable	**868**	4,403	30
	$ 177,503	$ (80,537)	$ (218,649)

Notes to consolidated financial statements
Hiram Walker Resources Ltd.
(Tabular amounts expressed in thousands except shares and per share amounts)

1. Accounting policies

The summary of significant accounting policies on page 17 forms an integral part of these financial statements.

2. Subsequent event – Interprovincial Pipe Line Limited

On September 20, 1983, the Company entered into a share exchange agreement with Interprovincial Pipe Line Limited, pursuant to which, in October of 1983, Interprovincial issued 13,600,000 common shares in exchange for 13,600,000 Class D Preference Shares, Second Series, of the Company. This series of voting preference shares participates equally with and receives the same dividends as the Company's common shares. As a result of this share exchange, the Company owns 34 per cent of the outstanding common shares of Interprovincial. This transaction will be accounted for using the equity method of accounting.

Interprovincial, the shares of which are publicly traded, owns and operates the longest crude oil and liquids pipeline system on the North American continent. As a result of the transaction, Interprovincial is the single largest shareholder of the Company with 16 per cent ownership.

3. Change in accounting policy

Effective October 1, 1982, the Company prospectively changed its accounting policy for foreign currency translation to conform with the recommendations of the Canadian Institute of Chartered Accountants. This change affects the method of translating financial statements of foreign operations and of recognizing unrealized foreign exchange gains and losses related to monetary items with a fixed or ascertainable life, as outlined in the summary of significant accounting policies on page 17.

The prospective application of this change in accounting policy on October 1, 1982 resulted primarily in a reduction in inventories of $75,586,000, deferred foreign exchange gains of $17,447,000 and cumulative translation adjustments which decreased shareholders' equity by $85,683,000.

Under the method used prior to October 1, 1982, the accounts of foreign subsidiaries and transactions of the Company denominated in foreign currencies were translated into Canadian dollars on the following basis:

Current assets, except maturing distilled spirits inventories, and current liabilities were translated using the exchange rates at the dates of the balance sheets. Maturing distilled spirits inventories and other assets and liabilities were translated at the rates in effect at the time the original transaction took place. Revenue and expense items (excluding matured distilled spirits inventories charged to cost of sales, depreciation and depletion, all of which were translated at the rate of exchange applicable to the related assets) were translated using the average rates of exchange throughout the period. Translation gains and losses were included in income.

4. Inventories

	September 30	
	1983	1982
Finished goods	**$ 104,445**	$ 119,107
Natural gas in storage	**309,198**	307,094
Maturing whiskies and cognac	**516,425**	631,894
Raw materials and supplies	**119,010**	138,312
	$1,049,078	$1,196,407

5. Investments

	September 30 1983	1982
Investments accounted for on the equity method	**$ 45,991**	$ 54,424
Other investments – at cost	**87,390**	79,999
Marketable securities – at cost which approximates market (1)	**184,665**	
	$318,046	$134,423

(1) These securities have been set aside to satisfy the debt service and repayment requirements of certain outstanding debt obligations. (see note 7 (d), page 25)

6. Property, plant and equipment

	1983 Cost	1983 Accumulated depreciation and depletion	1983 Net	1982 Cost	1982 Accumulated depreciation and depletion	1982 Net
Distilled spirits	**$ 527,110**	**$ 230,220**	**$ 296,890**	$ 535,839	$ 219,023	$ 316,816
Natural resources	**2,389,272**	**892,954**	**1,496,318**	2,185,478	653,682	1,531,796
Gas utility	**1,215,399**	**269,304**	**946,095**	1,133,768	239,643	894,125
	$4,131,781	**$1,392,478**	**$2,739,303**	$3,855,085	$1,112,348	$2,742,737

The cost of acquiring and evaluating significant unproved properties and costs of major development projects at September 30, 1983 and 1982, which were $148,833,000 and $189,837,000, respectively, are excluded from the amounts being depleted, as described in the summary of significant accounting policies. The recovery of such investment in future periods depends upon the successful exploitation of the properties. These properties are currently under various stages of exploration and development, and it is anticipated that the cost of all significant unproved properties will be included in the depletion computation by September 30, 1986.

In 1982, the carrying value of the United States oil and gas assets was reduced by $276,091,000. A provision for impairment of $176,985,000, net of deferred income tax relief of $99,106,000, was recorded as a charge against income.

7. Indebtedness

(a) Loans and notes payable

	September 30 1983	1982
Bank loans	**$101,586**	$140,572
Commercial paper	**237,240**	240,977
Other		970
	$338,826	$382,519

(b) Long term debt	Maturity(1)	September 30 1983	1982
Non-utility			
Debentures			
9.5% (1983, US$20,201; 1982, US$20,951)	1986	$ 24,894	$ 24,504
9.875%	1998	59,120	60,000
14.25% (1983, £12,583; 1982, £25,000)	1986	23,448	67,009
15.5% Series A(2)	1986	125,000	125,000
15.75% (1983, US$61,984; 1982, US$65,000)	1984	76,494	78,116
16% (1983, US$68,372; 1982, US$75,000)	1986	84,378	89,954
16% (1983, US$70,174; 1982, US$75,000)	1989	86,601	90,821
Zero coupon(3) (1983, US$20,866; 1982, US$2,079)	1989	25,751	2,489
Bank loans			
11.25% (1983, £3,208; 1982, £3,749)	1987	6,021	9,445
12.45% (1983, £11,272; 1982, £12,000)	1988	21,158	33,855
13% (£25,000)	1989	46,080	
Revolving credit facility(4) (1983, £20,000; 1982, £50,000)	1985	35,806	108,120
Revolving credit agreement (US$205,000)	1985		245,672
Revolving credit facility(5)	1988	178,875	
Notes			
7.25% (SF 75,000)(6)	1987	49,991	48,747
7.5% (SF 100,000)(6)	1988	65,429	64,487
7.75% (SF 100,000)(6)	1986	61,557	57,475
14.5% (£10,000)	1986	18,635	22,916
Other(7)		46,208	52,059
		1,035,446	1,180,669
Utility			
Bonds			
5.5% – 11.5% first mortgage sinking fund, secured(8)	1983-1996	164,829	181,376
4.85% – 8.0% first mortgage sinking fund, secured(8) (1983, US$22,238; 1982, US$23,163)	1985-1993	27,402	23,758
Debentures			
6.5% – 17.75% sinking fund(8)	1984-1999	278,404	287,449
13.25%	1993	65,000	
18.5%(2)	1986	75,000	75,000
		610,635	567,583
		1,646,081	1,748,252
Less amounts due within one year		25,434	25,932
		$1,620,647	$1,722,320

(1) Maturity dates reflect calendar years.

(2) These issues are extendable, at the option of the holder, until 1991.

(3) These debentures were issued at a discount which results in an effective interest rate of 15.5%.

(4) The rate of interest under this facility is a variable rate based upon the London interbank offered rate (''LIBOR''). The weighted average interest rate was 14.34% during 1983 and 14.93% at September 30, 1983. This loan is hedged as to principal and interest to Canadian dollars.

(5) Pursuant to this facility, proceeds can be drawn in Canadian or United States dollars. The rate of interest under this facility is based upon rates prevailing from time to time in Canada, the United States and/or LIBOR. The average interest rate was 10.4% during 1983 and 9.69% at September 30, 1983.

(6) The notes are hedged as to principal and interest to United States dollars. The hedge contract increases the effective average interest rate to 14.5% at September 30, 1983.

(7) Loans of certain subsidiaries amounting to $4,125,000 at September 30, 1983, are secured.

(8) The Company is obligated to ensure that all amounts due on the First Mortgage Sinking Fund Bonds and $213,378,000 of the Sinking Fund Debentures of a subsidiary are paid to the holders of these securities. The Company's obligation to the holders of these First Mortgage Sinking Fund Bonds is secured by the shares of another subsidiary company.

(c) Long term debt maturities and sinking fund requirements for each of the five years subsequent to September 30, 1983, are as follows:

1984	$ 25,434
1985	135,302
1986	245,574
1987	154,228
1988	100,966

(d) During 1983, the Company acquired certain interest-bearing investments to be used for satisfying the debt service and repayment requirements of a number of its outstanding debt obligations. The investments comprise deposits with major Canadian and United States banks and highly-rated government and corporate securities. The specific debt issues and the related investments are as follows:

		Long term debt	Marketable securities
14.25%	£ 12,583, due 1986	$ 23,448	$ 26,598
16%	US$68,372, due 1986	84,378	93,504
7.75%	SF 100,000, due 1986	61,557	64,563
		$169,383	$184,665

(e) The Company has lines of credit at September 30, 1983 and 1982, of $886,438,000 and $778,708,000, respectively. Of the lines available at September 30, 1983 and 1982, commitments, in various currencies, of $260,902,000 and $117,000,000, respectively, have terms of up to 10 years.

8. Preference shares of subsidiary companies

	September 30 **1983**	1982
Group 1 Redeemable Preference Shares, comprising Series A and Series B with a $5.50 cumulative dividend and Series C with a $5.00 cumulative dividend(1)	**$11,520**	$ 11,745
Group 2 Redeemable Preference Shares, comprising retractable Series A with a $3.375 cumulative dividend	**50,000**	50,000
Group 3 Redeemable Preference Shares, comprising retractable Series A with a $2.3125 cumulative dividend	**50,000**	
Group 5 Redeemable Preference Shares, comprising convertible, retractable Series A with a $2.125 cumulative dividend	**2,013**	
Cumulative Redeemable First Preference Shares(2)	**36,000**	42,000
Cumulative Redeemable Second Preference Shares(3)	**33,600**	35,200
	$183,133	$138,945

(1) The Company is obligated to ensure that all amounts due on these Group 1 Preference Shares are paid to holders of these securities.

(2) Dividends are payable at an annual rate of one-half of the Canadian bank's prime lending rate plus 1.25%. Annual redemption requirements are $6,000,000 to 1985 and $8,000,000 to 1988.

(3) Dividends are payable at an annual rate of one-half of the Canadian bank's prime lending rate plus 1%. Annual redemption requirements are $4,800,000 to 1986 and $6,400,000 to 1989.

9. Capital stock

The new Business Corporations Act for Ontario became effective on July 29, 1983. Under the terms of this Act, all classes of the Company's shares are without nominal or par value.

(a) Authorized

Preference shares (issuable in series)

Class A – 1983 and 1982: 10,000,000 shares
Class B – 1983 and 1982: 10,000,000 shares
Class C – 1983: 19,881,874 shares; 1982: 19,924,605 shares
Class D – 1983: 49,988,397 shares; 1982: 49,998,116 shares

Common shares – 1983: 150,108,350 shares; 1982: 150,042,713 shares

(b) Outstanding

	September 30			
	1983		1982	
	Shares	**Amount**	Shares	Amount
Preference shares				
Class A				
$3.54 cumulative dividend, first series, retractable at $25.00 per share on September 30, 1984 or September 1, 1989, redeemable at varying premiums reducing from $1.00 commencing October 1, 1986	**2,000,000**	**$ 50,000**	2,000,000	$ 50,000
Class B				
$2.375 cumulative dividend, first series, convertible into common shares at $31.50 per share up to September 30, 1988, redeemable at $25.00 per share after September 30, 1984	**4,000,000**	**100,000**	4,000,000	100,000
Class C				
$1.80 cumulative dividend, first series, convertible into common shares at $15.00 per share up to November 1, 1984, redeemable at varying premiums reducing from $1.00	**525,117**	**10,502**	567,848	11,357
Class D				
$1.875 cumulative dividend, voting, first series, convertible into common shares at $28.00 per share up to December 31, 1989, redeemable at varying premiums reducing from $1.875	**13,896,699**	**347,418**	13,885,616	347,140
	20,421,816	**$507,920**	20,453,464	$508,497
Common shares (including shares held by Trustees)	**70,554,376**	**$184,804**	69,623,786	$165,088

(c) **Changes in capital stock**	Preference shares		Common shares	
	Shares	Amount	Shares	Amount
Balance at October 1, 1980	14,610,187	$361,588	68,899,823	$151,132
Issued for cash	4,000,000	100,000		
Conversion of preference to common	(200,433)	(4,433)	229,669	4,433
Issued on exercise of stock options, for cash	92,685	2,316	78,380	2,414
Balance at September 30, 1981	18,502,439	459,471	69,207,872	157,979
Issued for cash	2,000,000	50,000		
Conversion of preference to common	(55,135)	(1,127)	71,306	1,127
Issued pursuant to Stock Dividend, Dividend Reinvestment and Stock Purchase Plan	1,727	43	272,276	4,734
Issued pursuant to employees' Stock Purchase and Savings Plan			58,442	1,081
Issued on exercise of stock options, for cash	4,433	110	13,890	167
Balance at September 30, 1982	20,453,464	508,497	69,623,786	165,088
Conversion of preference to common	(52,450)	(1,097)	65,637	1,097
Issued pursuant to Stock Dividend, Dividend Reinvestment and Stock Purchase Plan	16,432	411	561,609	12,070
Issued pursuant to employees' Stock Purchase and Savings Plan			299,656	6,487
Issued on exercise of stock options, for cash	4,370	109	3,588	59
Issued on exercise of warrants, for cash			100	3
Balance at September 30, 1983	**(1)20,421,816**	**$507,920**	**70,554,376**	**$184,804**

(1) See note 2, page 22, subsequent event – Interprovincial Pipe Line Limited.

At September 30, 1983, 1,999,900 Common Share Purchase Warrants were outstanding. Each warrant entitles the holder to buy one common share at $31.50 on or before September 30, 1986.

10. Stock options

Under the terms of a Share Option Plan, adopted on October 1, 1980, 4,136,850 common shares were reserved for issuance to certain employees. At September 30, 1983, 2,985,325 common shares remain available to be granted under the plan. During the year ended September 30, 1983, options were granted for 967,600 shares under the plan at prices varying from $21.37 per share to $26.125 per share, options for 3,588 shares were exercised and options for 844,075 shares were cancelled. At September 30, 1983, options were outstanding for 1,082,937 shares.

Hiram Walker-Gooderham & Worts Limited has a stock option plan for certain key employees. Shares of the Company are purchased by Trustees on the open market to satisfy the outstanding options. Options outstanding are exercisable at various dates to 1989 at prices ranging from $9.64 to $15.69 per share. At September 30, 1983, options were outstanding for 138,058 shares. During the year ended September 30, 1983, options for 37,570 shares were exercised and options for 13,300 shares were cancelled. The cost of shares held by the Trustees has been deducted from shareholders' equity in the consolidated balance sheet. Shares held by the Trustees at September 30, 1983 and 1982, amounted to 93,530 shares and 129,380 shares, respectively.

At September 30, 1983, the Company is obligated to issue up to 53,217 of its Class D Preference Shares to satisfy Home Oil Company Limited employees' stock options exercisable until 1989 at an average price of $14.85 per share. During the year ended September 30, 1983, 26,582 options were exercised for which the Company issued 4,370 shares and paid $555,300 in cash. Options for 3,040 shares were cancelled during the year.

The following table summarizes the changes in options outstanding for the above plans during the year ended September 30, 1983.

	Common shares	Class D Preference shares
Shares under option at October 1, 1982	1,151,928	82,839
Options granted	967,600	
Options exercised	(41,158)	(26,582)
Options cancelled	(857,375)	(3,040)
Shares under option at September 30, 1983	1,220,995	53,217

11. Interest and finance charges

	Year ended September 30 1983	1982	1981
Interest on long term debt	**$228,726**	$234,096	$142,915
Dividends on term preferred shares	**5,396**	7,812	8,391
Other interest	**35,775**	61,169	84,482
	269,897	303,077	235,788
Capitalized interest	**(495)**	(4,944)	(11,033)
	269,402	298,133	224,755
Foreign exchange gain (note 3)	**(23,823)**		
Interest income	**(32,185)**	(29,135)	(15,441)
	$213,394	$268,998	$209,314

12. Pension plans

Pension expense during the three years ended September 30, amounted to $19,932,000 in 1983, $19,160,000 in 1982 and $20,141,000 in 1981. Unfunded prior years' service costs, which have not been charged to operations, amounted to $34,532,000 at September 30, 1983.

13. Income taxes

(a) The geographic components of income before income taxes and other items, and current and deferred income taxes are as follows:

	Year ended September 30 1983	1982	1981
Income before income taxes and other items			
Canada	**$220,259**	$224,387	$144,643
United States	**8,994**	(56,242)	48,423
Other (principally Europe)	**117,079**	109,026	102,700
	$346,332	$277,171	$295,766
Current income taxes			
Canada	**$ 65,742**	$ 65,367	$ 33,744
United States	**3,954**	(74,756)	(4,078)
Other (principally Europe)	**25,524**	24,357	33,165
	95,220	14,968	62,831
Deferred income taxes			
Canada	**40,538**	32,550	23,834
United States	**(51)**	68,786	25,362
United Kingdom – stock appreciation relief			(37,042)
Other (principally Europe)	**2,119**	19,377	(13,329)
	42,606	120,713	(1,175)
Total income tax expense	**$137,826**	$135,681	$ 61,656

(b) The provision for income taxes is based on financial statement income, except in regulated gas utility operations. This provision differs from income taxes currently payable because certain items of income and expense are reported in the consolidated statement of income in years different from those in which they are reported on income tax returns.

The aggregate of the tax effect of these timing differences is referred to in the consolidated balance sheet as deferred income taxes. Components of the change in these amounts during the three years ended September 30, 1983, are as follows:

	Year ended September 30		
	1983	1982	1981
Exploration and development expenditures deducted for income tax purposes in excess of depletion	**$43,460**	$ 96,954	$36,116
Capital cost allowances deducted for income tax purposes in excess of depreciation	**3,209**	18,866	12,097
Stock appreciation relief – United Kingdom			(37,042)
Interest capitalized in the accounts, expensed for income tax purposes		2,250	5,077
Other	**(4,063)**	2,643	(17,423)
	$42,606	$120,713	$ (1,175)

In the gas utility operations, rate and revenue structures are designed and approved not to recover deferred taxes in current revenues. Accordingly, the above amounts exclude deferred income taxes of $11,000,000 in 1983 and 1982 and $13,000,000 in 1981 and an accumulated amount of $171,000,000 at September 30, 1983. These deferred income taxes are primarily based on timing differences between capital cost allowances and depreciation.

(c) Income tax expense differs from the amount which would be obtained by applying the Canadian statutory federal income tax rate to income before income taxes and other items. This difference results from the following:

	Year ended September 30		
	1983	1982	1981
Income before income taxes and other items	**$346,332**	$277,171	$295,766
Canadian expected income tax rate	**46.0%**	46.0%	46.0%
Computed income tax expense	**$159,313**	$127,499	$136,052
Add:			
Petroleum and Gas Revenue Tax, royalties and other similar payments to governments not deductible for tax purposes	**65,073**	54,039	45,487
Unrecognized tax benefit available for application against future years' income	**610**	20,007	
Non-deductible depletion	**7,636**	5,958	6,350
	232,632	207,503	187,889
Deduct:			
Release of prior years' deferred income taxes relating to United Kingdom stock appreciation relief			37,042
Federal resource allowance	**38,625**	32,082	27,546
Alberta Royalty Tax Credit	**8,241**	7,193	2,035
Depletion allowances on Canadian oil and gas production income	**4,363**	5,129	9,771
Inventory allowance	**13,929**	15,291	21,393
Items capitalized in gas utility accounts expensed for income tax purposes for which no deferred taxes are provided	**9,420**	9,182	11,984
Difference in effective tax rates for foreign subsidiaries	**19,707**	7,045	7,256
Investment tax credits	**2,638**	4,493	6,957
Other	**(2,117)**	(8,593)	2,249
Actual income tax expense	**$137,826**	$135,681	$ 61,656
Actual income tax expense as a percentage of income before income taxes and other items	**39.8%**	49.0%	20.8%

(d) The potential income tax benefits associated with losses of certain United States subsidiaries in the current and prior years have not been recorded in the accounts. Net operating losses of $144,544,000, relating to these subsidiaries, are available to reduce taxable income in future years. The majority of these losses will expire between 1993 and 1998. In addition, the Company has recorded $4,782,000 of expenses in its books which have not yet been claimed for tax purposes. The tax benefits will be realized in future years provided that the respective United States subsidiaries have sufficient income.

(e) No provision has been made for taxes on undistributed earnings of foreign subsidiaries not currently available for paying dividends inasmuch as such earnings have been reinvested in the businesses.

14. Business segments

Company operations consist of three business segments: distilled spirits, natural resources and gas utility. Presented below are financial data by business segment and geographic area for each of the three years in the period ended September 30, 1983.

	Year ended September 30		
Business segments	1983	1982	1981
Operating revenue			
Distilled spirits	**$1,405,668**	$1,454,769	$1,452,412
Natural resources	**458,723**	476,566	349,386
Gas utility	**1,538,435**	1,428,427	1,099,049
	$3,402,826	$3,359,762	$2,900,847
Operating income			
Distilled spirits	**$ 266,617**	$ 293,828	$ 280,561
Natural resources	**90,741**	41,875	82,790
Gas utility	**180,313**	188,068	112,575
Total before undernoted items	**537,671**	523,771	475,926
Interest and finance charges, net	**(213,394)**	(268,998)	(209,314)
Income taxes	**(137,826)**	(135,681)	(61,656)
Other income	**22,055**	22,398	29,154
Foreign currency translation gain		9,645	24,540
Minority interest	**(22,478)**	(8,925)	(8,589)
Provision for impairment – United States natural resource properties		(176,985)	
Net income (loss)	**$ 186,028**	$ (34,775)	$ 250,061
Identifiable assets			
Distilled spirits	**$1,548,572**	$1,569,279	$1,540,283
Natural resources	**1,851,578**	1,893,760	2,076,345
Gas utility	**1,439,426**	1,500,513	1,301,610
	$4,839,576	$4,963,552	$4,918,238
Capital expenditures			
Distilled spirits	**$ 23,676**	$ 52,673	$ 84,901
Natural resources(2)	**145,856**	207,923	222,766(1)
Gas utility	**92,967**	97,817	96,131
	$ 262,499	$ 358,413	$ 403,798
Depletion and depreciation			
Distilled spirits	**$ 26,507**	$ 24,348	$ 21,158
Natural resources	**182,533**	232,193	112,388
Gas utility	**40,997**	36,976	32,416
	$ 250,037	$ 293,517	$ 165,962

Geographic areas	Year ended September 30 1983	1982	1981
Operating revenue			
Canada	**$2,070,016**	$1,924,741	$1,535,638
United States	**1,173,858**	1,233,472	1,145,674
Other (principally Europe)	**313,254**	393,000	406,233
Eliminations(3)	**(154,302)**	(191,451)	(186,698)
	$3,402,826	$3,359,762	$2,900,847
Operating income			
Canada	**$ 358,329**	$ 359,438	$ 264,957
United States	**93,041**	80,957	110,062
Other (principally Europe)	**86,301**	83,376	100,907
	$ 537,671	$ 523,771	$ 475,926
Identifiable assets			
Canada	**$2,916,384**	$2,811,570	$2,538,310
United States	**1,121,153**	1,305,898	1,560,484
Other (principally Europe)	**802,039**	846,084	819,444
	$4,839,576	$4,963,552	$4,918,238
Capital expenditures			
Canada(2)	**$ 201,961**	$ 178,020	$ 179,160
United States	**33,638**	121,762	178,473(1)
Other (principally Europe)	**26,900**	58,631	46,165
	$ 262,499	$ 358,413	$ 403,798
Depletion and depreciation			
Canada	**$ 104,367**	$ 90,387	$ 83,570
United States	**134,992**	163,371	74,467
Other	**10,678**	39,759	7,925
	$ 250,037	$ 293,517	$ 165,962

(1) Excludes the acquisition of United States natural resource properties amounting to $736,987,000.
(2) Net of applicable government grants for the three years ended September 30, 1983, 1982 and 1981 of $82,007,000, $36,578,000 and $16,205,000, respectively.
(3) Inter-company sales between geographic areas are at approximate market prices.

15. Comparative figures

Certain 1982 and 1981 comparative figures in the consolidated statement of income and note 14, business segments, have been reclassified to conform with the Company's current financial statement presentation.

16. Commitments and contingencies

(a) The indentures and agreements relating to certain long term debt obligations of Walker-Home Oil Ltd., a principal subsidiary of the Company, contain covenants limiting the transfer of funds by Walker-Home Oil Ltd., and its subsidiaries to the Company. Under the most restrictive of these covenants, as at September 30, 1983, such transfers of funds to the Company were limited to future consolidated net income of Walker-Home Oil Ltd. and its subsidiaries plus $347,802,000. The Company's consolidated net assets at September 30, 1983, include $1,206,072,000 of net assets of consolidated subsidiaries, which were restricted against transfer to the Company.

(b) Due to the size, complexity and international scope of the Company's operations, a number of lawsuits are pending at any point in time in which the Company may be the plaintiff or defendant. In the opinion of management, the ultimate resolution of any current lawsuits would not have a material effect on the Company's consolidated financial position or results of operations.

17. Supplementary information

The Company has security holders resident in the United States and uses capital markets in that country. Supplementary information that is in conformity with the reporting practices of companies in the United States follows:

United States accounting principles

The financial statements of the Company have been prepared in accordance with accounting principles generally accepted in Canada. These principles differ in some respects from those applicable in the United States. These differences are as follows:

(a) Provision for impairment – United States natural resource properties

In 1982, the provision for impairment in the consolidated statement of income would be included as a component of operating income under United States generally accepted accounting principles. Specifically, the gross amount of the impairment of $276,091,000 would be disclosed as a separate component of operating costs and expenses and the related deferred income tax relief of $99,106,000 would be offset against income taxes. However, these reclassifications would not change the Company's loss.

(b) Basic net income per common share

The calculation of basic net income per share under United States generally accepted accounting principles would include the common stock equivalent of the Class D Convertible Voting Preference Shares, Class B Convertible Preference Shares, Common Share Purchase Warrants and any outstanding stock options granted where the average price for the year exceeds the option price. Basic net income (loss) per common share on a Canadian and United States basis is as follows:

	Year ended September 30		
	1983	1982	1981
Canadian basis			
Before unusual item	**$2.03**	$ 1.43	$3.23
Including unusual item	**$2.03**	$(1.13)	$3.23
United States basis	**$1.98**	$(1.13)	$3.05

(c) Foreign currency translation

The Company prospectively changed its accounting policy for foreign currency translation on October 1, 1982. (see note 3, page 22) The Company follows the practice of deferring unrealized foreign exchange gains or losses on those long term monetary assets and liabilities with a fixed or ascertainable life and denominated in a currency other than a domestic currency. These gains or losses are subsequently amortized over the remaining life of the related assets and liabilities. Under accounting principles generally accepted in the United States, pursuant to Financial Accounting Standard No. 52, such exchange gains and losses would be included immediately in the determination of net income.

Under its former accounting policy, the Company followed the practice of translating long term debt obligations, which were fixed in foreign currencies, net of current maturities, at exchange rates applicable when the original obligations were assumed. This method differed from accounting principles generally accepted in the United States, pursuant to Financial Accounting Standard No. 8, inasmuch as such obligations would be translated into Canadian dollars at rates in effect at the balance sheet dates and the resultant gain or loss would be included in the determination of net income.

If United States generally accepted accounting principles were followed by the Company in respect of deferred foreign exchange gains and losses, during 1983, and long term debt obligations, prior to October 1, 1982, net income (loss) and basic and fully diluted net income (loss) per share would be as follows:

	Year ended September 30		
	1983	1982	1981
Net income (loss) as reported	**$186,028**	$(34,775)	$250,061
Foreign exchange (loss), net of tax	**(7,569)**		
Foreign currency translation gain (loss)		(16,972)	19,391
Net income (loss) on a United States basis	**$178,459**	$(51,747)	$269,452
Net income (loss) per common share			
Basic			
Canadian net income (loss) basis			
Before unusual item	**$ 2.03**	$ 1.43	$ 3.23
Including unusual item	**$ 2.03**	$ (1.13)	$ 3.23
United States net income (loss) basis	**$ 1.92**	$ (1.37)	$ 3.51
Fully diluted			
Canadian net income (loss) basis			
Before unusual item	**$ 2.01**	$ 1.43	$ 3.02
Including unusual item	**$ 2.01**	$ (1.13)	$ 3.02
United States net income (loss) basis	**$ 1.92**	$ (1.37)	$ 3.25

In addition, reported retained earnings would decrease by $8,783,000 to $1,071,067,000 at September 30, 1983, $1,214,000 to $1,030,980,000 at September 30, 1982 and increase by $15,758,000 to $1,222,096,000 at September 30, 1981.

(d) Pension plans

Under United States generally accepted accounting principles, additional information, as set out below, available only in respect of the Company's United States pension plans, would be disclosed. The data is based upon reports of independent consulting actuaries, as of the most recent valuation dates, generally January 1 of each year.

	1983	1982
Actuarial present value of accumulated plan benefits of which $94,807 (1982 $84,736) are vested	**$ 97,846**	$ 87,240
Net assets available for benefits	**$161,594**	$134,700
Assumed weighted average interest rate used in calculating plan benefits	**10.0%**	10.0%

(e) Preference shares

Under United States generally accepted accounting principles, the Company's preference shares, all of which are subject to mandatory redemption requirements, would be reported under a separate caption redeemable preference shares rather than under the general heading shareholders' equity in the consolidated balance sheet.

Supplemental oil and gas information (unaudited)

In 1983, the Financial Accounting Standards Boards in the United States issued Statement 69 which establishes a comprehensive set of disclosures for oil and gas producing activities. This statement was adopted by the Securities and Exchange Commission in place of its own disclosure requirements for oil and gas producing activities. The following information was prepared in accordance with the provisions of Statement 69 and, accordingly, replaces the cost and revenue data previously disclosed.

Oil and gas exploration activities are carried out principally in Canada and the United States and to a lesser extent in Indonesia, Australia and other areas. Producing activities are currently concentrated in Canada and the United States.

(a) Capitalized costs

	September 30		
	1983	1982	1981
Petroleum and natural gas properties			
Canada	**$1,006,713**	$ 916,582	$ 846,053
United States	**1,213,555**	1,107,661	1,003,013
Other	**58,064**	49,857	21,994
	2,278,332	2,074,100	1,871,060
Accumulated depletion and depreciation			
Canada	**160,371**	110,313	66,571
United States	**680,889**	498,158(1)	67,970
Other	**32,910**	32,365	130
	874,170	640,836	134,671
Net book value			
Canada	**846,342**	806,269	779,482
United States	**532,666**	609,503	935,043
Other	**25,154**	17,492	21,864
	$1,404,162	$1,433,264	$1,736,389

(1) Includes provision for impairment of $276,091,000. (see note 6, page 23)

(b) Costs incurred

	Year ended September 30		
	1983	1982	1981
Acquisition of proved properties			
United States			$437,538
Acquisition of unproved properties			
Canada	**$ 6,714**	$ 3,436	5,246
United States	**4,930**	10,340	318,826
Other		66	
	11,644	13,842	324,072
Exploration costs			
Canada	**52,120**	23,931	28,920
United States	**19,467**	40,890	41,841
Other	**9,060**	26,255	16,471
	80,647	91,076	87,232
Development costs			
Canada	**32,152**	42,121	46,292
United States	**21,047**	52,580	52,165
Other	**1,695**	1,663	11
	54,894	96,364	98,468
Total			
Canada	**90,986**	69,488	80,458
United States	**45,444**	103,810	850,370
Other	**10,755**	27,984	16,482
	$147,185	$201,282	$947,310

(c) Results of operations for oil and gas producing activities

	Year ended September 30		
	1983	1982	1981
Revenues, net of royalties			
Canada	**$272,790**	$235,181	$192,361
United States	**134,654**	169,178	74,201
Other		206	
	407,444	404,565	266,562
Production (lifting) costs			
Canada	**40,750**	38,913	33,774
United States	**31,952**	31,097	12,629
Other	**29**	204	
	72,731	70,214	46,403
Petroleum and Gas Revenue Tax – Canada	**35,470**	32,854	13,460
Depletion and depreciation			
Canada	**50,227**	43,899	41,061
United States	**120,621**	150,333(1)	60,867
Other	**3,198**	32,195	
	174,046	226,427	101,928
Income (loss) before income taxes			
Canada	**146,343**	119,515	104,066
United States	**(17,919)**	(12,252)	705
Other	**(3,227)**	(32,193)	
	125,197	75,070	104,771
Income taxes (recovery)			
Canada	**79,031**	72,946	57,653
United States	**(8,074)**	(5,636)	324
Other	**(1,539)**	(15,710)	
	69,418	51,600	57,977
Results of operations for oil and gas operations (2)			
Canada	**67,312**	46,569	46,413
United States	**(9,845)**	(6,616)	381
Other	**(1,688)**	(16,483)	
	$ 55,779	$ 23,470	$ 46,794

(1) Excludes provision for impairment of $276,091,000. (see note 6, page 23)
(2) The above revenues and costs exclude corporate overhead, interest and other operating costs and revenues not directly related to conventional oil and gas exploration and producing activities and consequently differ from those reported in the financial results of the natural resources segment.

(d) Crude oil and natural gas reserves

Proved reserves are based on estimates made by Company engineers. Proved oil and gas reserves are the estimated quantities of crude oil, natural gas and natural gas liquids which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions. Proved developed oil and gas reserves are reserves that can be expected to be recovered through existing wells with existing equipment and operating methods. The process of estimating reserves is complex, requiring significant subjective judgements in the evaluation of available geological, engineering, economic, contractual and other data in respect of each reservoir. Proved reserves are located in Canada, United States, Indonesia and Australia. The proved reserves in Indonesia and Australia are included in the caption "other" in the table on the following page.

The calculation of net reserves of crude oil and natural gas liquids and natural gas is based on the Company's share of proved reserves after the deduction of royalties. The federal and provincial governments' royalty rates vary depending on prices, production volumes, the timing of initial production and changes in legislation. Due to the uncertainty of future royalty rates, the net reserves set forth below have been calculated on the basis of royalty rates in effect as of the dates the estimates were made.

Proved reserves	Canada Oil(1)	Canada Gas(2)	United States Oil(1)	United States Gas(2)	Other Oil(1)	Total Oil(1)	Total Gas(2)
October 1, 1980	65,271	539	947	34		66,218	573
Revisions of previous estimates and improved recovery	7,429	21	845	11		8,274	32
Purchases of minerals in place			8,215	88		8,215	88
Discoveries and extensions	642	21	1,422	6		2,064	27
Production	(6,713)	(28)	(851)	(13)		(7,564)	(41)
September 30, 1981	66,629	553	10,578	126		77,207	679
Revisions of previous estimates and improved recovery	9,758	115	(399)	(24)		9,359	91
Discoveries and extensions	1,087	37	994	26	1,119	3,200	63
Production	(6,612)	(29)	(1,932)	(25)		(8,544)	(54)
September 30, 1982	70,862	676	9,241	103	1,119	81,222	779
Revisions of previous estimates and improved recovery	2,121	37	2,231	27	(297)	4,055	64
Discoveries and extensions	2,763	16	552	6	230	3,545	22
Production	(6,476)	(26)	(1,657)	(18)		(8,133)	(44)
September 30, 1983	**69,270**	**703**	**10,367**	**118**	**1,052**	**80,689**	**821**
Proved developed reserves October 1, 1980	65,271	539	901	32		66,172	571
September 30, 1981	66,629	553	9,967	111		76,596	664
September 30, 1982	70,862	676	8,620	94	1,054	80,536	770
September 30, 1983	**65,807**	**649**	**9,300**	**107**	**1,052**	**76,159**	**756**

(1) Oil includes condensate and natural gas liquids and is stated in thousands of barrels.
(2) Gas is stated in billions of cubic feet.

(e) Discounted future net cash flows and changes therein from proved reserves

Estimated future cash flows are computed by applying year end prices, except for fixed and determinable escalation provisions in contracts, to year end quantities of proved oil and gas reserves. Estimated future development costs, production costs, Petroleum and Gas Revenue Tax (''PGRT'') and income taxes are deducted from estimated future cash inflows to arrive at estimated future net cash flows. Future development and production costs have been computed by estimating the expenditures to be incurred in developing and producing the proved reserves at each year end, based on year end costs and assuming continuation of existing economic conditions. Estimated future PGRT, levied on Canadian oil and gas production from proved reserves, is computed based on rates and legislation in effect at each year end. Future income tax expense has been computed by applying the appropriate year end statutory rates, to the future taxable income estimated to be generated from proved reserves after making provision for the tax basis of the oil and gas properties. Future net cash flows are discounted at an annual rate of 10 per cent to arrive at the discounted future net cash flows.

The Company cautions that the discounted future net cash flows from proved oil and gas reserves is neither an indication of fair market value of oil and gas properties, nor of the future cash flows expected to be generated from such properties. The calculation does not include the fair market value of exploratory acreage and probable and possible oil and gas reserves, nor does it include the impact of anticipated future changes in crude oil and natural gas prices, development and production costs, and possible changes to tax and royalty legislation. The prescribed discount rate of 10 per cent used in arriving at the discounted net cash flow may not appropriately reflect future interest rates. The computation excludes values attributable to marketing, storage and pipeline activities related to oil and gas production activities.

The discounted net cash flow cannot be compared with the net book value of capitalized costs of petroleum and natural gas properties because it is calculated on an after tax basis and excludes the fair market value of exploratory acreage and probable and possible oil and gas reserves.

Discounted future cash flows relating to proved oil and gas reserves at September 30

	1983	1982	1981
Estimated future cash inflows			
Canada	**$4,076,183**	$4,106,444	$3,214,910
United States	**861,995**	786,223	889,490
Other	**32,998**	46,699	
	4,971,176	4,939,366	4,104,400
Estimated future production and development costs			
Canada	**808,040**	678,744	696,445
United States	**221,394**	187,841	228,209
Other	**12,640**	15,649	
	1,042,074	882,234	924,654
Estimated future PGRT – Canada	**572,390**	662,000	477,244
Estimated future cash flows before income taxes			
Canada	**2,695,753**	2,765,700	2,041,221
United States	**640,601**	598,382	661,281
Other	**20,358**	31,050	
	3,356,712	3,395,132	2,702,502
Estimated future income taxes			
Canada	**1,441,021**	1,501,130	1,110,277
United States			
Other	**2,587**	14,037	
	1,443,608	1,515,167	1,110,277
Estimated future net cash flows			
Canada	**1,254,732**	1,264,570	930,944
United States	**640,601**	598,382	661,281
Other	**17,771**	17,013	
	1,913,104	1,879,965	1,592,225
Discount at 10% per annum for estimated timing of future net cash flows			
Canada	**746,844**	739,984	531,160
United States	**243,293**	203,001	240,056
Other	**3,574**	5,962	
	993,711	948,947	771,216
Discounted future net cash flows			
Canada	**507,888**	524,586	399,784
United States	**397,308**	395,381	421,225
Other	**14,197**	11,051	
	$ 919,393	$ 931,018	$ 821,009

Changes in discounted future net cash flows relating to proved oil and gas reserves

	Year ended September 30		
	1983	1982	1981
Revisions to reserves proved in prior years			
Revisions in quantity and timing estimates	**$ 78,777**	$(170,136)	$ 46,104
Net change in prices, net of lifting costs and PGRT related to production	**(61,142)**	470,781	(19,455)
Change in estimated future development costs	**10,018**	(13,834)	30,689
Introduction of PGRT			(184,945)
Other	**(6,194)**	25,640	(18,458)
	21,459	312,451	(146,065)
Accretion of discount	**158,294**	130,352	129,651
Discoveries and extensions, net of related costs	**76,217**	123,775	57,853
Purchase of minerals in place			290,230
Previously estimated development costs incurred during the year	**24,141**	14,344	27,211
Revenue, net of lifting costs and PGRT from production	**(299,243)**	(301,497)	(206,741)
Net change in income taxes	**7,507**	(169,416)	(15,025)
Net change	**(11,625)**	110,009	137,114
Balance at beginning of year	**931,018**	821,009	683,895
Balance at end of year	**$919,393**	$931,018	$821,009

Quarterly financial information (unaudited)

	Year ended September 30							
	1983				1982			
	Quarter							
	First	**Second**	**Third**	**Fourth**	First	Second	Third	Fourth
Revenue	**$983,941**	**$1,011,406**	**$808,423**	**$599,056**	$918,304	$988,732	$812,116	$ 640,610
Gross margin	**$360,892**	**$ 336,024**	**$289,155**	**$247,214**	$328,173	$329,024	$292,888	$ 300,950
Income (loss) before unusual item	**$ 59,699**	**$ 70,944**	**$ 33,810**	**$ 21,575**	$ 47,822	$ 70,168	$ 33,992	$ (9,772)(1)
Net income (loss)	**$ 59,699**	**$ 70,944**	**$ 33,810**	**$ 21,575**	$ 47,822	$ 70,168	$ 33,992	$(186,757)(2)
Net income (loss) per common share								
Basic								
Before unusual item	**$0.70**	**$0.86**	**$0.32**	**$0.15**	$0.54	$0.86	$0.33	$(0.30)
Including unusual item	**$0.70**	**$0.86**	**$0.32**	**$0.15**	$0.54	$0.86	$0.33	$(2.86)
Fully diluted								
Before unusual item	**$0.67**	**$0.73**	**$0.32**	**$0.15**	$0.54	$0.80	$0.33	$(0.30)
Including unusual item	**$0.67**	**$0.73**	**$0.32**	**$0.15**	$0.54	$0.80	$0.33	$(2.86)

(1) Includes the write off of expenditures of $32,195,000 in Guyana

(2) Includes the provision for impairment in the carrying value of the Company's United States natural resource properties of $276,091,000, net of deferred income tax relief of $99,106,000

Market price of common shares and related security holder matters

The principal trading markets of the common shares in Canada and the United States are the Toronto and New York stock exchanges, respectively. The common shares of the Company are also listed on the Montreal, Alberta and Vancouver stock exchanges.

The following table sets forth the reported high and low sales prices of the common shares on the Toronto and New York stock exchanges, as reported by the Toronto Stock Exchange Review and the New York Stock Exchange Monthly Market Statistics Report, respectively:

	Year ended September 30							
	1983				1982			
	Quarter							
	First	**Second**	**Third**	**Fourth**	First	Second	Third	Fourth
Toronto Stock Exchange (Canadian dollars)								
High	**$21½**	**$23⅝**	**$27⅛**	**$27**	$25	$23½	$18	$20⅝
Low	**17¾**	**19½**	**21⅞**	**24¼**	20⅞	13⅞	14⅞	15¾
New York Stock Exchange (United States dollars)								
High	**17½**	**19¼**	**22**	**22**	21	19⅞	14½	16½
Low	**14¼**	**15⅞**	**17¾**	**19⅝**	17½	11⅜	12	12¼

Quarterly dividends of $0.33 per common share were paid in 1983 and 1982.

At September 30, 1983, there were 47,358 registered holders of common shares.

There are no restrictions on the export or import of capital which affect the remittance of dividends, interest or other payments to non-resident holders of the Company's securities.

The Foreign Investment Review Act requires prior approval by the government of Canada of the acquisition by, or transfer to, non-residents of Canada of direct or indirect control of a Canadian business entity, such as the Company. The Act does not apply to the purchase of shares or securities of a corporation where such purchases would not give the purchasers effective control of the corporation.

Cash dividends paid to shareholders resident in the United States, the United Kingdom and most western European countries are generally subject to Canadian withholding tax at a rate of 15 per cent. Cash dividends paid to other non-residents of Canada are generally subject to Canadian withholding tax at a maximum rate of 25 per cent, depending upon applicable tax treaties. Interest payable on the Company's debt securities held by non-Canadian residents may also be subject to Canadian withholding tax depending upon the terms and provisions of such securities. Stock dividends paid to non-Canadian residents are generally not subject to Canadian withholding tax.

Five year financial and operating review

FINANCIAL

	1983	1982	1981	1980	1979
	(Expressed in thousands except per share amounts)				
Revenue					
Distilled spirits	**$1,405,668**	$1,454,769	$1,452,412	$1,430,658	$1,329,451
Natural resources	**458,723**	476,566	349,386	231,817	
Gas utility	**1,538,435**	1,428,427	1,099,049	862,605	815,910
	$3,402,826	$3,359,762	$2,900,847	$2,525,080	$2,145,361
Operating income					
Distilled spirits	**$ 266,617**	$ 293,828	$ 280,561	$ 264,410	$ 238,982
Natural resources	**90,741**	41,875	82,790	92,612	
Gas utility	**180,313**	188,068	112,575	94,257	97,359
	$ 537,671	$ 523,771	$ 475,926	$ 451,279	$ 336,341
Income before undernoted items	**$ 346,332**	$ 277,171	$ 295,766	$ 371,741	$ 260,139
Income taxes	**(137,826)**	(135,681)	(61,656)	(130,922)	(93,366)
Other items, net	**(22,478)**	720	15,951	(1,297)	10,391
Income before unusual item	**186,028**	142,210	250,061	239,522	177,164
Provision for impairment		(176,985)			
Net income (loss)	**$ 186,028**	$ (34,775)	$ 250,061	$ 239,522	$ 177,164
Net income (loss) per common share					
Basic					
Before unusual item	**$ 2.03**	$ 1.43	$ 3.23	$ 3.18	$ 2.56
Including unusual item	**$ 2.03**	$ (1.13)	$ 3.23	$ 3.18	$ 2.56
Fully diluted					
Before unusual item	**$ 2.01**	$ 1.43	$ 3.02	$ 3.01	$ 2.52
Including unusual item	**$ 2.01**	$ (1.13)	$ 3.02	$ 3.01	$ 2.52
Dividends declared per common share	**$ 1.32**	$ 1.32	$ 1.32	$ 1.32	$ 0.88
Cash from operations	**$ 664,364**	$ 484,719	$ 202,943	$ 256,609	$ 108,797
Cash from operations per common share					
Basic	**$ 9.48**	$ 7.00	$ 2.95	$ 3.75	$ 1.60
Capital expenditures(1)	**$ 262,499**	$ 358,413	$ 403,798	$ 301,316	$ 103,527
Identifiable assets					
Distilled spirits	**$1,548,572**	$1,569,279	$1,540,283	$1,440,034	$1,296,861
Natural resources	**1,851,578**	1,893,760	2,076,345	1,100,380	
Gas utility	**1,439,426**	1,500,513	1,301,610	1,070,246	1,150,586
Total assets	**$4,839,576**	$4,963,552	$4,918,238	$3,610,660	$2,447,447
Long term debt (including current portion)	**$1,646,081**	$1,748,252	$1,753,370	$ 742,466	$ 556,636
Shareholders' equity					
Preference	**$ 507,920**	$ 508,497	$ 459,471	$ 361,588	$ 18,444
Common	**1,115,930**	1,194,821	1,362,300	1,227,331	1,098,978
	$1,623,850	$1,703,318	$1,821,771	$1,588,919	$1,117,422
Number of common shares outstanding (including shares held by Trustees)	**70,554**	69,624	69,208	68,900	68,788
Weighted average number of common shares outstanding	**70,048**	69,217	68,881	68,465	68,205

(1) Excludes acquisitions of Home Oil Company Limited in 1980 and United States natural resource properties in 1981.

OPERATING

	1983	1982	1981	1980	1979
Distilled spirits					
Gross revenue less excise taxes and import duties (millions)	**$ 1,054**	$ 1,103	$ 1,085	$ 1,021	$ 916
Natural resources					
Production (before royalties)					
Crude oil and natural gas liquids production (barrels per day)					
Canada	**25,811**	26,664	27,908	30,426	30,552
United States	**5,438**	6,255	4,462	627	311
Other		15			
	31,249	32,934	32,370	31,053	30,863
Natural gas sales (millions of cubic feet per day)					
Canada	**96.7**	108.3	106.5	109.3	117.8
United States	**58.6**	82.2	59.3	20.6	18.5
	155.3	190.5	165.8	129.9	136.3
Drilling activity					
Gross working interest wells	**262**	245	307	450	426
Net oil wells	**37**	27	48	36	27
Net gas wells	**12**	20	23	37	44
Net dry wells	**23**	31	40	29	20
Proved reserves (before royalties)					
Crude oil and natural gas liquids (millions of barrels)	**116**	118	131	120	123
Natural gas (billions of cubic feet)	**1,089**	1,041	1,108	938	941
Gross acreage (thousands)(1)					
Canada	**21,216**	22,647	23,373	26,442	26,148
United States	**4,782**	3,995	3,657	2,562	2,700
Other	**11,631**	10,161	9,924	11,245	9,703
	37,629	36,803	36,954	40,249	38,551
Net acreage (thousands)(1)					
Canada	**3,819**	3,962	4,296	4,391	4,350
United States	**1,515**	1,868	1,840	1,328	1,365
Other	**2,054**	1,913	2,210	1,435	1,435
	7,388	7,743	8,346	7,154	7,150

(1) Prior years restated to include only land in which an interest has been earned.

	1983	1982	1981	1980	1979
Gas utility					
Revenue (thousands)					
Gas sales					
Residential	**$ 500,962**	$ 478,574	$ 342,618	$ 261,112	$ 234,422
Commercial	**530,017**	484,897	370,601	283,408	260,264
Industrial	**459,745**	416,826	343,613	283,427	291,812
	1,490,724	1,380,297	1,056,832	827,947	786,498
Other revenue	**47,711**	48,130	42,217	34,658	29,412
	$1,538,435	$1,428,427	$1,099,049	$ 862,605	$ 815,910
Gas cost (thousands)	**$1,191,029**	$1,080,965	$ 851,025	$ 654,845	$ 622,439
Gas sales (millions of cubic feet)					
Residential	**78,144**	87,949	81,121	73,756	73,519
Commercial	**106,709**	115,598	109,205	101,663	101,156
Industrial	**99,239**	105,283	106,535	110,637	128,921
	284,092	308,830	296,861	286,056	303,596
Daily sendout (millions of cubic feet)					
Maximum	**1,937**	1,958	1,856	1,735	1,781
Minimum	**257**	243	249	249	257
Average	**788**	850	825	793	840
Number of active customers (year end)					
Residential	**687,023**	654,260	611,823	568,984	530,636
Commercial	**66,312**	63,381	60,041	55,590	51,555
Industrial	**6,576**	6,517	6,415	6,173	5,987
	759,911	724,158	678,279	630,747	588,178
Average revenue (per thousand cubic feet)					
Residential	**$6.41**	$5.44	$4.22	$3.54	$3.18
Commercial	**$4.97**	$4.20	$3.39	$2.79	$2.57
Industrial	**$4.63**	$3.96	$3.22	$2.56	$2.26
Miles of mains in use (year end)	**10,929**	10,718	10,233	9,871	9,398
Average use per residential customer (thousands of cubic feet)	**113.9**	134.8	134.1	130.4	137.8
Degree day deficiency(1)	**3,756**	4,322	4,202	4,040	4,246

(1) Degree day deficiency figures, expressed in Celsius, are for the Toronto area. The deficiency is a measure of coldness during the heating season and is calculated by adding together the total number of degrees by which the daily mean temperature fell below 18 Celsius (65°F).

Corporate information

Executive office

Hiram Walker Resources Ltd.
Suite 600, 1 First Canadian Place
P.O. Box 33, Toronto, Ontario
M5X 1A9
Telephone (416) 864-3300

Principal offices

Hiram Walker-Gooderham & Worts Limited
2072 Riverside Drive East
P.O. Box 2518, Windsor, Ontario
N8Y 4S5
Telephone (519) 254-5171

Home Oil Company Limited
2300 Home Oil Tower
324 Eighth Avenue South West,
Calgary, Alberta T2P 2Z5
Telephone (403) 232-7100

The Consumers' Gas Company Ltd.
Suite 4200, 1 First Canadian Place
P.O. Box 90, Toronto, Ontario
M5X 1C5
Telephone (416) 864-3399

Auditors

Price Waterhouse

Stock exchange listings and symbol

Common shares - Toronto, Montreal, Alberta, Vancouver, New York

The listing symbol for common shares on all stock exchanges is HWR and is reported in Canadian newspapers under the W's as Walker R, and in United States newspapers under the W's as WkHRs.

Form 10-K

A Form 10-K Annual Report is filed with the United States Securities and Exchange Commission. This report will be made available to shareholders, without charge, upon written request to The Secretary of the Company.

Registrar and transfer agents

Common shares and warrants

Canada Permanent Trust Company
20 Eglinton Avenue West, Toronto
M4R 2E2 and in Montreal, Calgary and Vancouver

Morgan Guaranty Trust Company of New York
Stock Transfer Department
30 West Broadway
New York, N.Y. 10007

14.16% Retractable Class A Preference Shares

National Trust Company, Limited
21 King Street East, Toronto M5C 1B3
and in Montreal, Calgary and Vancouver

9½% Convertible Class B Preference Shares

Canada Permanent Trust Company
20 Eglinton Avenue West, Toronto
M4R 2E2 and in Montreal, Calgary and Vancouver

9% Convertible Class C Preference Shares

The Canada Trust Company
110 Yonge Street, Toronto M5C 1T4
and in Montreal, Calgary and Vancouver

7½% Convertible Class D Preference Shares

Canada Permanent Trust Company
20 Eglinton Avenue West, Toronto
M4R 2E2 and in Montreal, Calgary and Vancouver

Dividend plan

Registered shareholders of common shares are eligible to participate in the Stock Dividend, Dividend Reinvestment and Stock Purchase Plan. Details may be obtained by writing to The Secretary of the Company.

Directors

Richard E. Cross(3)
Counsel
Cross, Wrock, Miller & Vieson

A. E. Downing
Executive Vice President of the Company
President
Hiram Walker-Gooderham & Worts Limited

Charles T. Fisher, III
Chairman and President
National Bank of Detroit

Gordon C. Gray(1)(2)
Chairman and Chief Executive Officer
A.E. LePage Limited

Richard F. Haskayne
Executive Vice President of the Company
President
Home Oil Company Limited

H. Clifford Hatch(1)
Chairman, President and
Chief Executive Officer of the Company

H. Clifford Hatch, Jr.
Executive Vice President of the Company
Vice President
Hiram Walker-Gooderham & Worts Limited

Robert S. Hurlbut(2)(3)
Chairman and President
General Foods, Inc.

Henry N. R. Jackman(4)
Chairman
The Empire Life Insurance Co.

Paul J. G. Kidd, Q.C.(4)
Corporate Director

Allen T. Lambert(1)(4)
Chairman and Chief Executive Officer
Trilon Financial Corp. Ltd.

Peter L. P. Macdonnell, Q.C.
Partner
Milner & Steer

Edmond G. Odette(2)
President
Eastern Construction Company Limited

Stanley G. Olson(1)(3)
Corporate Director

John T. Sapienza
Partner
Covington & Burling

Robert C. Scrivener(3)
Corporate Director

Noah Torno(1)(3)
Corporate Director

William P. Wilder(1)(4)
Deputy Chairman of the Company
Chairman
The Consumers' Gas Company Ltd.

Member of:
1. Executive Committee
2. Audit Committee
3. Management Resources and Compensation Committee
4. Pension Committee

Executive officers

H. Clifford Hatch, Chairman, President and Chief Executive Officer
W. P. Wilder, Deputy Chairman
A. E. Downing, Executive Vice President
R. F. Haskayne, Executive Vice President
H. Clifford Hatch, Jr., Executive Vice President
R. W. Martin, Executive Vice President
A. R. McCallum, Senior Vice President and Chief Financial Officer
E. W. H. Tremain, Vice President and Secretary
W. R. Fatt, Treasurer
J. B. Petrie, Corporate Comptroller

Principal subsidiaries

- Walker-Home Oil Ltd.
  - Hiram Walker-Gooderham & Worts Limited
    - Hiram Walker & Sons Limited
    - Corby Distilleries Limited (52.8%)
    - Maidstone Essex Limited
      - Courvoisier S.A.
      - Kahlua S.A.
      - Hiram Walker Holdings N.V.
      - Walker-Home Petroleum, Inc.
        - Maidstone Wine & Spirits, Inc.
        - HPC, Inc.
          - Home Petroleum Corporation
        - Hiram Walker & Sons, Inc.
          - Hiram Walker Incorporated
          - W.A. Taylor & Company
    - Hiram Walker & Sons (Scotland) P.L.C.
  - Home Oil Company Limited
    - Home Exploration Limited
    - Home Energy Company Ltd. (60.0%)
    - Home Oil (U.K.) Limited
    - Scurry-Rainbow Oil Limited (88.5%)
      - Plains Petroleums Limited (72.2%)
    - Federated Pipe Lines Ltd. (50.0%)
- The Consumers' Gas Company Ltd. (89.9%)
  - Niagara Gas Transmission Limited
  - St. Lawrence Gas Company, Inc.
  - Gazifere Inc.
  - Tecumseh Gas Storage Limited (50.0%)
  - Underwater Gas Developers Limited


VSOP
Fine Champagne
COURVOISIER
Le Cognac de Napoleon
COGNAC


Ballantine's
ESTABLISHED 1827
FULLY MATURED
QUALITY GUARANTEED
FINEST SCOTCH WHISKY
BLENDED & BOTTLED BY
George Ballantine & Son, Limited Distillers—Dumbarton, Scotland
710mL
Ballantine's
TWELVE 12 YEARS OLD
VERY OLD SCOTCH WHISKY
PRODUCT OF SCOTLAND


KAHLUA
IMPORTED FROM SUNNY MEXICO
KAHLÚA
LICOR DE CAFÉ
LIQUEUR
PRODUCT OF MEXICO
KAHLUA, S. A.
FABRICA DE LICOR DE CAFE


DRAMBUIE
THE ISLE OF SKYE LIQUEUR
Prince Charles Edward's Liqueur
TRADE MARK
DRAMBUIE
REG. U.S. PAT. OFF.
A LINK WITH THE "45"

Principal Brands

Hiram Walker-Gooderham & Worts Limited

CANADA

Canadian Whiskies
Canadian Club
Walker's Special Old
Gooderham's Bonded Stock

Imported Scotch Whiskies
Ballantine's
Lauder's

Liqueurs
Hiram Walker's

Imported Liqueurs
Kahlua
Drambuie
Tia Maria

Cognac
Courvoisier

London Dry Gin
Hiram Walker's Crystal

Vodkas
Hiram Walker's Crystal
Skol

Rums
Government House
Maraca

Imported Wines
J. Moreau et Fils (France)
Langenbach and Company (Germany)
Tarride Ledroit & Cie (France)

UNITED STATES

Imported Canadian Whiskies
Canadian Club
Royal Canadian
Northern Light
Gooderham's Rich & Rare

Imported Scotch Whiskies
Ballantine's
Lauder's
Old Smuggler

Straight Bourbon Whiskeys
Walker's DeLuxe
Ten High

American Sour Mash Bourbon Whiskey
Maker's Mark

American Blended Whiskey
Imperial

Tequila
Two Fingers
Arandas

London Dry Gins
Hiram Walker's Crystal Palace
Booth's

Vodka
Hiram Walker's Crystal Palace

Cordials and Fruit Flavoured Brandies
Hiram Walker's

Cognacs
Courvoisier
Salignac

Imported Liqueurs
Kahlua
Drambuie
Tia Maria

Premium California Wines
Callaway Vineyards

Imported Fine Wines
Those represented by
Frederick Wildman & Sons, Limited

PRINTED IN CANADA